

**THIS CIRCULAR AND ITS ENCLOSURES ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, CSDP, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the UK or, if not, from another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Mondi plc Shares, please send this Circular, together with the accompanying Form of Proxy, at once, to the purchaser or transferee or to the stockbroker, CSDP, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. Please note that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to, any Excluded Territory. If you have sold or otherwise transferred any part of your holding of shares, you should retain this Circular and the accompanying Form of Proxy and consult the broker, CSDP, bank or other agent through whom you made the sale or transfer.

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## **MONDI PLC**

*(incorporated and registered under the laws of England and Wales with registered no. 6209386 and registered as an external company in South Africa on 22 May 2007 under registration number 2007/014903/10)*

### **Proposed Demerger of Mpack Limited (the proposed new name for Mondi Packaging South Africa Limited) and Consolidation of Existing Mondi Limited Shares**

#### **Circular to Mondi plc Shareholders and Notice of General Meeting**

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Your attention is drawn to the letter from the joint chairmen of the Group which is set out on pages 6 to 11 of this Circular and which contains the Boards' recommendation that you vote in favour of the Resolutions to be proposed at the Mondi plc General Meeting referred to below.

This is not a prospectus but a shareholder circular. A PLS containing details of the Demerger will be posted to Mondi Limited Shareholders (other than Restricted Shareholders and, subject to certain exceptions, US Shareholders) on the date hereof and will also be available on the Group's website at [www.mondigroup.com](http://www.mondigroup.com) on or around Tuesday, 31 May 2011. The distribution of this Circular into any jurisdiction other than the United Kingdom and South Africa may be restricted by law. Persons into whose possession this Circular and/or the accompanying Form of Proxy come should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, subject to certain exceptions, this Circular and/or any accompanying documents and any other such documents should not be distributed, forwarded to or transmitted in or into the United States or any Excluded Territory or to any other jurisdiction where the distribution would breach any applicable law.

This Circular does not constitute an offer to sell nor a solicitation to buy securities as such terms are defined under the US Securities Act of 1933 (the "US Securities Act"), as amended. The Mpack Shares have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, or taken up, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Mpack Shares in the United States.

The Mpack Shares have not been and will not be registered under the securities laws of any Excluded Territory and may not be offered, sold or taken up, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption from and in compliance with any applicable securities laws.

Notice of the Mondi plc General Meeting to be held at One Silk Street, London EC2Y 8HQ, UK at 11.00 a.m. on Thursday, 30 June 2011 is set out at the end of this Circular. A Form of Proxy for use at the Mondi plc General Meeting is enclosed and, to be valid, should be completed, signed and returned so as to be received by the Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU, UK, as soon as possible but, in any event, so as to arrive no later than 11.00 a.m. on Tuesday, 28 June 2011. Completion and return of a Form of Proxy will not prevent members from attending and voting in person should they wish to do so.

Rothschild, which is authorised and regulated in the UK by the Financial Services Authority, is acting exclusively for Mondi plc and no one else in connection with the Demerger and LTD Consolidation and will not regard any other person (whether or not a recipient of this Circular) as a client in relation to the Demerger and LTD Consolidation and will not be responsible for anyone other than Mondi plc for providing the protections afforded to their respective clients or for providing advice in relation to the Demerger and LTD Consolidation or any other matter referred to in this Circular. Rothschild has given and not withdrawn its written consent to the inclusion in this Circular of the references to its name in the forms and contexts in which they appear.

## **FORWARD-LOOKING STATEMENTS**

Certain statements in this Circular constitute “forward-looking statements”. Generally, forward-looking statements can be identified by the use of words such as “may”, “could”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue” or similar expressions. All statements other than statements of historical fact included in this Circular and information incorporated by reference, including, without limitation, the Group’s financial position, business strategy, plans and objectives of management or future operations (including development plans and objectives relating to the Group’s products), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the Group’s actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which it will operate in the future. Important factors that could cause the Group’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, but are not limited to, fluctuations in product prices and raw material costs in the paper and packaging industry; a period of high raw materials, energy or consumables costs; natural risks and hazards which could cause uninsurable losses and disruptions to the Group’s forests; adverse economic and credit market conditions which may materially adversely affect the Group’s ability to raise future debt or equity; exchange rate and interest rate fluctuations; political, economic and legal developments in countries where Mondi operates; changes in consumer preferences and Mondi’s failure to develop new products to meet changing consumer demand; Mondi’s customers and suppliers being exposed to risk, including the risk of default; and the highly competitive environment in which Mondi operates.

The forward-looking statements contained in this Circular speak only as at the date of this Circular. Subject to any obligations under the Prospectus Rules, the Disclosure and Transparency Rules, the Listing Rules, the JSE Listings Requirements and the UK Companies Act and/or SA Companies Act and save as required by law or regulations, the Group undertakes no obligation or undertaking to update publicly or review any forward-looking statement contained herein, whether as a result of new information, future developments or otherwise.

All subsequent written and oral forward-looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this section.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS<sup>(1)</sup>

Assuming the Resolutions in respect of the Demerger, Mondi Limited Nominal Value Conversion and LTD Consolidation are approved, set out below is an expected timetable of principal events. Each of the times and dates in the table below is indicative only and may be subject to change. References to times in the timetable below are to UK time unless otherwise stated.

### The general meetings

Latest time and date for receipt of Mondi plc General Meeting Forms of Proxy	11.00 a.m. on Tuesday, 28 June 2011
Mondi plc General Meeting and Mondi Limited General Meeting	11.00 a.m. on Thursday, 30 June 2011

### The Demerger

Last day to trade in Mondi Limited Ordinary Shares on the JSE to participate in the Demerger	Friday, 8 July 2011
Mondi Limited Ordinary Shares trade “ex” the entitlement to Mpact Shares	Monday, 11 July 2011
Mpact Shares listed and commence trading on the JSE	Monday, 11 July 2011
Demerger Record Date	Friday, 15 July 2011
Demerger effected	Monday, 18 July 2011

### The LTD Consolidation

VWAP period	from 8.00 a.m. on Monday, 11 July 2011 to 4.00 p.m. on Thursday, 21 July 2011
Announcement of the Consolidation Ratio	Friday, 22 July 2011
Last day to trade in Existing Mondi Limited Shares	Friday, 29 July 2011
New Mondi Limited Shares listed and commence trading on the JSE	Monday, 1 August 2011
Consolidation Record Date	Friday, 5 August 2011
LTD Consolidation and Mondi Limited Nominal Value Conversion effected	Monday, 8 August 2011

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*Note:*

*(1) A full timetable of events in connection with the Demerger is set out in the PLS. Only the key dates in relation to the Demerger and LTD Consolidation (as they may affect Mondi plc Shareholders) and the Mondi plc General Meeting are set out here. If any of the above times and/or dates change, the revised timetable and/or dates will be notified to Mondi plc Shareholders and Mondi Limited Shareholders by announcement through a Regulatory Information Service and SENS.*

## WHERE TO FIND HELP

If you have any questions in relation to the Demerger or the LTD Consolidation, please telephone the Shareholder Helpline on the numbers set out below. The Shareholder Helpline is available from 8.30 a.m. to 5.30 p.m. (UK time) and 9.30 a.m. to 6.30 p.m. (South African time), Monday to Friday (except bank/public holidays (as applicable)), and will remain open until Thursday, 30 June 2011.

Shareholder Helpline for Mondi plc Shareholders  
0871 664 0300 (from inside the United Kingdom)  
+44 208 639 3399 (from outside the United Kingdom)

*Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this Circular and information relating to the relevant register of members and will be unable to give advice on the merits of the Demerger and LTD Consolidation or to provide financial, tax or investment advice.*

## PART I

### LETTER FROM THE JOINT CHAIRMEN OF MONDI

## MONDI PLC

(Incorporated and registered in England and Wales with registered number 06209386 and registered as an external company in South Africa under registration number 2007/014903/10)

#### Registered office:

Building 1, 1st Floor  
Aviator Park, Station Road  
Addlestone  
Surrey KT15 2PG  
United Kingdom

#### Mondi Limited

(Registered in the Republic of South Africa under registration number 1967/013038/06)

#### Registered office:

4th Floor  
No. 3 Melrose Boulevard  
Melrose Arch 2196  
Gauteng  
South Africa

31 May 2011

Dear Shareholder,

#### Proposed Demerger and LTD Consolidation

##### 1 Introduction

On Thursday, 7 April 2011, Mondi announced its intention to demerge Mondi Packaging and separately list it, under a new name, on the JSE. Its new name will be Mpack Limited. The Demerger will be implemented by way of a dividend *in specie* from Mondi Limited to Mondi Limited Shareholders on Monday, 18 July 2011 on the basis of one Mpack Share for every one Mondi Limited Ordinary Share held by each such shareholder.

Mondi plc Shareholders will not be entitled to Mpack Shares; rather, they will receive the benefit of an appropriate adjustment, a “matching action” (for the purposes of the DLC Agreements), to reflect the value distributed by Mondi Limited to Mondi Limited Shareholders. The Boards have determined that a consolidation of the Existing Mondi Limited Shares is the most appropriate form of adjustment in the circumstances. The effect of the LTD Consolidation will be that Mondi plc Shareholders will collectively hold an increased interest in the Group. After the Demerger and LTD Consolidation, Mondi Limited Shareholders will hold New Mondi Limited Shares as well as the newly listed Mpack Shares. The New Mondi Limited Shares will, as a result of the LTD Consolidation, replace the Existing Mondi Limited Shares and will represent, in aggregate, a correspondingly decreased proportionate interest in the Group. The Demerger, LTD Consolidation and other adjustments described in this Circular will not affect the “Equalisation Ratio” used to determine the economic and voting interests represented by Mondi plc Ordinary Shares relative to the economic and voting interests of Mondi Limited Ordinary Shares, which will remain 1:1.

In terms of the Mondi Limited Articles of Association, Mondi Limited Shareholders are required to approve the Demerger as a dividend *in specie*, by way of ordinary resolution. Also, in terms of the SA Companies Act, the LTD Consolidation will require approval by special resolution of the Mondi Limited Shareholders. These approvals will be sought at the Mondi Limited General Meeting. The Boards have determined that the Demerger and the accompanying matching action (being the LTD Consolidation) should also be subject to the approval of Mondi plc Shareholders. These approvals are by way of a Class Rights Action, as explained in the notes to the notice of Mondi plc General Meeting set out at the end of this Circular, under the DLC Agreements and, accordingly, will not be effective unless passed by independent votes in favour by Mondi plc Shareholders and Mondi Limited Shareholders, respectively. In order to facilitate the LTD Consolidation, *inter alia*, the conversion, to

shares of no par value, of the Mondi Limited Shares and Mondi Limited Special Converting Shares will be required, as more fully set out in paragraph 4 below.

The purpose of this Circular is to provide Mondi plc Shareholders with information that the Boards believe to be material to such shareholders in deciding whether to approve the Demerger and LTD Consolidation, including the background to and reasons for the Demerger and LTD Consolidation, and to explain why the Boards consider that the Demerger and LTD Consolidation are in the best interests of the Group and its shareholders as a whole.

**The Mondi plc General Meeting will be held on Thursday, 30 June 2011 at 11.00 a.m. at One Silk Street, London EC2Y 8HQ, UK. The notice convening the Mondi plc General Meeting can be found at the end of this Circular and a Form of Proxy accompanies this Circular.**

**A PLS relating to the listing of Mpack and a circular relating to the Demerger and LTD Consolidation will be posted to Mondi Limited Shareholders (other than Restricted Shareholders and, subject to certain exceptions, US Shareholders, in the case of the PLS) and will be available on Mondi's website and at Mondi plc's registered office and will also be available for inspection at One Silk Street, London EC2Y 8HQ, UK at and, during normal business hours, before the Mondi plc General Meeting.**

## **2 Rationale for the Demerger**

Mpack is essentially southern African focused, with most of its operations located throughout South Africa and with single plants in Namibia, Mozambique and Zimbabwe. It is an integrated producer of corrugated packaging products, has a growing rigid plastics packaging business, and is also involved in the production of cartonboard.

Mpack is unique within the Group as no other part of Mondi produces rigid plastics or cartonboard. Mpack's primary growth opportunities going forward are expected to be in expanding the rigid plastics business, thereby diverging further from the Group's core strategic focus. The primary rationale for seeking a separate JSE listing for Mpack is that it will allow it to pursue its own growth strategy without the constraint of a shareholder that has differing strategic priorities. It is considered that a separate listing for Mpack, with the ability to independently access capital in support of its strategic objectives, is in the best interests of Mpack, the Group and related stakeholders, including employees. The Demerger thereby endorses Mpack's own strategy and provides a clear benefit, as both the Group and Mpack will be able to take better advantage of their respective growth opportunities.

## **3 The Demerger**

The Demerger will be implemented by way of a dividend *in specie* from Mondi Limited. Mondi Limited Shareholders' entitlement to the dividend *in specie* will be on the basis that each such shareholder will receive one Mpack Share for every one Mondi Limited Ordinary Share held on the Demerger Record Date. Prior to the Demerger, it is intended that: (i) Mondi Limited and Shanduka will subscribe for new Mpack Shares; (ii) certain shareholder loans made to Mpack will be repaid using the cash proceeds received from the new share subscription; and (iii) the Mpack Shares held by Mondi Limited's employee share ownership trust will be acquired by the Group, such that the Group's shareholding in Mpack will increase to 89.55% of the total number of Mpack Shares in issue following these steps and Shanduka's shareholding will reduce to 10.45%. It is the totality of this resulting interest in Mpack held by the Group which will be distributed to Mondi Limited Shareholders by way of the Demerger.

Further information on Mpack is set out in Part IV of this Circular and in the PLS, which will be sent to Mondi Limited Shareholders (other than Restricted Shareholders and, subject to certain exceptions, US Shareholders) on the same day as this Circular and will be available on Mondi's website and as referred to above.

## **4 The Mondi Limited Nominal Value Conversion**

The SA Companies Act, which came into effect on 1 May 2011, *inter alia*, limits Mondi Limited's ability to restructure its par value share capital, subject to certain transitional arrangements. In order to enable the LTD Consolidation, having regard to the provisions of the SA Companies Act, it is proposed that resolutions be passed (in the case of Mondi Limited, as special resolutions) that each issued and each authorised but unissued Mondi Limited Share and Mondi Limited Special Converting Share be converted from a share with par value to a share with no par value prior to the LTD Consolidation.

As required by the SA Companies Act and the regulations promulgated thereunder, the directors of Mondi Limited have caused a report to be prepared setting out the effects, if any, of the Mondi Limited Nominal Value Conversion, which is set out in Annexure 1 to this Circular. A related amendment to the Mondi Limited Articles of Association is also being made, as set out in the notice of Mondi plc General Meeting set out at the end of this Circular. Other than having no par value, the Mondi Limited Nominal Value Conversion will have no effect on the trading of or rights attaching to Mondi Limited Shares or Mondi Limited Special Converting Shares. The Mondi Limited Nominal Value Conversion will not affect the "Equalisation Ratio" used to determine the economic and voting interests represented by Mondi plc Ordinary Shares relative to the economic and voting interests of Mondi Limited Ordinary Shares, which will remain 1:1, or Mondi Limited's tax position.

For more information on the effects of the Mondi Limited Nominal Value Conversion, please see Annexure 1 of this Circular.

## **5 The LTD Consolidation**

A consolidation of the Mondi Limited Ordinary Shares owned by Mondi Limited Shareholders, the effect of which will be to reduce their proportionate interest in the Group as a result of the reduction in the number of Mondi Limited Ordinary Shares, will be undertaken in order to compensate Mondi plc Shareholders for the value distributed to Mondi Limited Shareholders under the Demerger. A description of the LTD Consolidation, which will be implemented in accordance with the formula set out in paragraph 4 of Part II of this Circular, is set out in this paragraph.

The LTD Consolidation is intended to have, as far as practicable, an equivalent but not necessarily identical economic effect on Mondi plc Shareholders to the economic effect on Mondi Limited Shareholders of demerging Mpack Shares to those shareholders. The total number of New Mondi Limited Shares held by Mondi Limited Shareholders after the LTD Consolidation will be determined by reference to the VWAP of Mpack Shares traded on the JSE, the VWAP of Existing Mondi Limited Shares traded on the JSE and the VWAP of Mondi plc Shares traded on the London Stock Exchange and JSE, in each case during the VWAP period. A formula for determining the number of New Mondi Limited Shares is set out in paragraph 4 of Part II of this Circular. The formula has been designed to ensure that the benefit per Mondi plc Share received by each Mondi plc Shareholder as a result of the LTD Consolidation matches as closely as possible the value per Mondi Limited Ordinary Share received (in the form of Mpack Shares) by each Mondi Limited Shareholder pursuant to the Demerger. Because Mondi Limited Ordinary Shares will trade in pre-consolidated form until Monday, 1 August 2011 (the intended date for consolidation into the New Mondi Limited Shares), the formula calculates a theoretical post-consolidation price based on the VWAP of Existing Mondi Limited Shares and Mondi plc Shares, as well as Mpack Shares.

For illustrative purposes only, should the equity value of Mpack attributable to Mondi Limited Shareholders during the VWAP period be between R2 billion and R3 billion, using the current Mondi Limited Share and Mondi plc Share VWAPs of R65.02, R67.82 and 607.7p, respectively (being the VWAPs on Thursday, 19 May 2011), following the LTD Consolidation, the number of New Mondi Limited Shares in issue would reduce to between approximately 117 and 102 million from the current 147 million Existing Mondi Limited Shares. This equates to a consolidation of between approximately 20.3 and 30.4% of the Existing Mondi Limited Shares. Based on these assumptions, following the Demerger and LTD Consolidation, the ordinary share capital of Mondi Limited would represent between 24.2 and 21.8% of the aggregate combined ordinary share capital of the Group, as compared to the current 28.6%. The actual number of New Mondi Limited Shares to be derived from Existing Mondi Limited Shares will depend on the actual VWAPs of Mpack Shares, Mondi Limited Shares and Mondi plc Shares at the relevant time (as set out in the formula in paragraph 4 of Part II of this Circular) and may be higher or lower than these indicative figures.

Mondi plc Shareholders should note that the share prices of Mondi Limited Ordinary Shares, Mondi plc Shares and Mpack Shares during the VWAP period may go up or down, which will have an effect on the ratio of the LTD Consolidation and therefore the extent to which Mondi plc Shareholders receive an increased proportionate interest in the Group. Consequently, Mondi plc Shareholders should note that because the ratio of the LTD Consolidation will be determined by the trading of the Mondi Limited Ordinary Shares, Mondi plc Shares and Mpack Shares during the VWAP period, there is a risk that the proportionate interest in the Group held by Mondi plc Shareholders may be lower or higher than estimated in the example above.

It is expected that the New Mondi Limited Shares will begin trading on Monday, 1 August 2011 and the LTD Consolidation will become effective on Monday, 8 August 2011.



As a result of the LTD Consolidation, it will be necessary to make certain adjustments to the Mondi plc Special Converting Shares to ensure that, in accordance with the principles of the DLC Structure, the relevant equivalent number of Mondi plc Special Converting Shares issued by Mondi plc (by reference to the number of New Mondi Limited Shares) remains in issue and that the Mondi plc Special Converting Shares issued by Mondi plc have the appropriate par value. The Resolutions also address these requirements. Further information is set out in Part II of this Circular.

## **6 Effect of the Demerger and LTD Consolidation on Mondi**

The Demerger and LTD Consolidation are not expected to have a material impact on Mondi's earnings per share and gearing and the Mondi Nominal Value Conversion will have no effect on Mondi's earnings per share and gearing. For the 12 months ended 31 December 2010, Mpact made up €51 million (approximately 10%) of Mondi's underlying operating profit and €278 million (approximately 9%) of Mondi's net assets.

The LTD Consolidation is intended to reduce the number of issued Mondi Limited Ordinary Shares by approximately the same value as the value of the Mpact Shares received by Mondi Limited Shareholders. There will be no effect on the number of Mondi plc Shares held by Mondi plc Shareholders, although, as described above, the proportionate shareholding interest in the Group, following the Demerger, represented by the Mondi plc Shares will increase and, accordingly, there will be an increase in the Mondi plc Shareholders' aggregate proportionate economic and voting interest in Mondi. The LTD Consolidation, accordingly, will compensate Mondi plc Shareholders for the value of Mpact Shares received only by Mondi Limited Shareholders which, as far as practicable, will have an equivalent but not necessarily identical economic effect on Mondi plc Shareholders to the economic effect of demerging Mpact Shares to Mondi Limited Shareholders.

The Demerger and LTD Consolidation will not affect the "Equalisation Ratio" used to determine the economic and voting interests represented by Mondi plc Ordinary Shares relative to the economic and voting interests of Mondi Limited Ordinary Shares, which will remain 1:1. This means, for example, that the amount of any cash dividend paid in respect of each Mondi plc Ordinary Share will normally be matched by an equivalent cash dividend in respect of each Mondi Limited Ordinary Share, and *vice versa*.

The Demerger and LTD Consolidation will not affect the status of Mondi plc's listings on the London Stock Exchange and the JSE or Mondi Limited's listing on the JSE, other than that Mondi Limited Shares will trade on the JSE under a new ISIN following the LTD Consolidation.

In compliance with the JSE Listings Requirements, the Group has obtained the approval of the Exchange Control Department of the South African Reserve Bank in respect of the Demerger and the LTD Consolidation.

Mondi has a dividend policy that reflects its strategy of disciplined and value creating investment and growth with the aim of offering shareholders long-term dividend growth. Mondi targets a dividend cover range of two to three times on average over the cycle, although the payout ratio in each year will vary in accordance with the business cycle and is subject to Mondi having sufficient distributable reserves. This policy will not change as a result of the Demerger and LTD Consolidation.

The Mondi Limited Group currently has a "Level 3 Contributor" rating in terms of the Codes of Good Practice on Black Economic Empowerment in South Africa ("the BBBEE Codes"). Following the Demerger, Mondi anticipates retaining an acceptable and competitive BBBEE rating. Given the broad based nature of the scorecard in terms of the BBBEE Codes, with ownership being only one of 7 elements used to measure compliance, it is not considered necessary to pursue any equity related initiatives to maintain an acceptable BBBEE rating.

## **7 Employee Share Plans**

Options and awards will continue to subsist over Mondi plc and Mondi Limited shares, and their value is expected to be largely preserved by the LTD Consolidation, with the result that it is not considered necessary to adjust their terms.

As a result of the Demerger, all Mpact employees will cease to participate in the Employee Share Plans. Full details will be supplied to all participants.

## **8 Related party transaction**

Prior to the Demerger and listing of Mpact, certain Group and Shanduka shareholder loans will be repaid using the cash proceeds received from a new share subscription by Mondi Limited and

Shanduka. The value of the Shanduka shareholder loans to be repaid is R168m. Shanduka Group, the holding company of Shanduka, is a related party of the Group for the purpose of the Listing Rules as Cyril Ramaphosa, joint chairman of the Group, has a 33.1% shareholding in Shanduka Group.

## 9 Mondi plc General Meeting

You will find set out at the end of this Circular a notice convening a Mondi plc General Meeting to be held on Thursday, 30 June 2011 at 11.00 a.m. at One Silk Street, London EC2Y 8HQ, UK. The Mondi plc General Meeting is being held for the purpose of considering and voting on the Resolutions. A summary and explanation of the approval process is set out below. You should read this section in conjunction with the Resolutions in the notice of Mondi plc General Meeting at the end of this Circular.

Shareholders of both Mondi plc and Mondi Limited will be asked to vote on various resolutions to approve the Demerger, the Mondi Limited Nominal Value Conversion, LTD Consolidation and make amendments to the Mondi Limited Articles of Association and adjustments to the Mondi plc Special Converting Shares consequent thereon. Each resolution must be approved in order for the Demerger, LTD Consolidation and other adjustments described in this Circular to be implemented.

The key steps to implementing the Demerger and LTD Consolidation are:

Mondi plc Shareholders will be asked to vote on and approve, as ordinary resolutions:

- a resolution endorsing the Demerger and authorising the payment of the M Pact Shares as a dividend *in specie* to Mondi Limited Shareholders;
- a resolution approving the amendment to the Mondi Limited Articles of Association to provide for the consolidation of no par value shares;
- a resolution approving the Mondi Limited Nominal Value Conversion;
- a resolution approving the LTD Consolidation;
- a resolution approving the proposed sub-division of each Mondi plc Special Converting Share into one interim Mondi plc Special Converting Share and one deferred share, and the subsequent consolidation of the interim Mondi plc Special Converting Shares such that the number of New Mondi plc Special Converting Shares will be equal in number to the number of New Mondi Limited Shares in issue; and
- a resolution authorising the Directors and the directors of Mondi Limited to do all things on behalf of Mondi plc or Mondi Limited that may be required in order to give effect to and implement the Resolutions; and

Mondi Limited Shareholders will be asked to vote on and approve:

- a resolution approving the Demerger and authorising the payment of the M Pact Shares as a dividend *in specie* to Mondi Limited Shareholders, as an ordinary resolution in the terms of Article 123 of the Mondi Limited Articles of Association;
- as a special resolution, a resolution approving the amendment to the Mondi Limited Articles of Association to provide for the consolidation of no par value shares;
- as special resolutions, resolutions approving the Mondi Limited Nominal Value Conversion;
- as a special resolution, a resolution approving the LTD Consolidation;
- as an ordinary resolution, a resolution endorsing the proposed sub-division of each Mondi plc Special Converting Share into one interim Mondi plc Special Converting Share and one deferred share, and the subsequent consolidation of the interim Mondi plc Special Converting Shares such that the number of New Mondi plc Special Converting Shares will be equal in number to the number of New Mondi Limited Shares in issue; and
- as an ordinary resolution, a resolution authorising the Directors and the directors of Mondi Limited to do all things on behalf of Mondi plc or Mondi Limited that may be required in order to give effect to and implement the Resolutions.

**If any of the above resolutions are not passed, the Demerger, the LTD Consolidation and other adjustments described in this Circular will not be implemented. If for any reason the listing of M Pact does not occur, the Demerger and the LTD Consolidation will not occur.**

Your Boards' recommendation is set out at the end of this letter.

## **10 Action to be taken**

You will find enclosed a Form of Proxy for use at the Mondi plc General Meeting. Whether or not you intend to be present at the Mondi plc General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible and in any case so as to be received by Mondi plc's Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU, UK, no later than 11.00 a.m. on Tuesday, 28 June 2011. The completion and return of a Form of Proxy will not prevent you from attending the Mondi plc General Meeting and voting in person if you wish to do so.

## **11 Further information**

Your attention is drawn to the further details of the terms of the Demerger and LTD Consolidation, the information on taxation, the financial and background information on Mpact and the pro forma statements of financial position and income set out in Parts II, III, IV and V of this Circular, respectively.

## **12 Boards' recommendation and Directors' intentions**

The Boards consider the Demerger, the Mondi Limited Nominal Value Conversion, the LTD Consolidation, the amendments to the Mondi Limited Articles of Association and the adjustments to the Mondi plc Special Converting Shares to be in the best interests of Mondi and its shareholders as a whole. Accordingly, the Boards recommend that Mondi plc Shareholders vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings, being in aggregate 694,218 Mondi plc Shares, which represent 0.19% of Mondi plc's issued ordinary share capital as at Thursday, 19 May 2011. Mr Ramaphosa, as executive chairman of the Shanduka Group and a shareholder in the Shanduka Group, did not take part in the Boards' consideration of the Demerger and LTD Consolidation.

Yours sincerely

**Cyril Ramaphosa**  
Joint chairman

**David Williams**  
Joint chairman

## PART II

### FURTHER DETAILS OF THE TERMS OF THE DEMERGER AND LTD CONSOLIDATION

#### 1 The Demerger

Having considered the various separation options for Mpack, the Boards decided that the Demerger would be the most appropriate route. Immediately prior to the Demerger, Shanduka will hold a stake of 10.45% of the entire issued share capital of Mpack and has undertaken to remain invested in Mpack for a period of 180 days following the Demerger.

Immediately prior to the Demerger, Mondi Limited will hold a stake of 89.55% of the entire issued share capital of Mpack. The individual entitlements of Mondi Limited Shareholders to receive the Mpack Shares will be calculated by reference to their holdings of Mondi Limited Ordinary Shares on the Demerger Record Date.

The Demerger, if it proceeds, is proposed to be effected by the payment, as a dividend *in specie*, of the Mpack Shares to Mondi Limited Shareholders, following the satisfaction of the conditions outlined below. The dividend *in specie* will result in Mondi Limited's shareholding in Mpack being transferred to Mondi Limited Shareholders on the basis of one Mpack Share for every one Mondi Limited Ordinary Share held on the Demerger Record Date. It is proposed that the payment of the dividend *in specie* will be on Monday, 18 July 2011 and the Demerger will become effective on that date.

#### 2 The Demerger documents

Various agreements have been entered into between Mondi Limited and Mpack in connection with the Demerger. These include (i) a framework separation agreement which, *inter alia*, regulates certain aspects of the commercial relationship between Mondi Limited and Mpack and the provision of certain services by Mondi Limited to Mpack post implementation of the Demerger; (ii) a sale agreement in terms of which the business conducted by Mpack's recycling division prior to the Demerger will be disposed of as a going concern to Main Street 856 (Proprietary) Limited and Mondi Limited will acquire a 25% stake in Main Street 856 (Proprietary) Limited while Mpack will hold a 75% interest; (iii) a sale of business agreement between Mondi Limited and Mpack dated 30 March 2011, in terms of which Mpack disposed of Paperlink, its paper merchant division, to Mondi Limited as a going concern with effect from 1 April 2011 for a consideration of R93 million, payable in cash; and (iv) various arm's length product supply/off-take agreements.

The purpose of these agreements is to reorganise the business, to facilitate an orderly and expedient separation of Mpack from Mondi Limited and provide for responsibility for certain liabilities between the parties.

##### *Summary points from the framework separation agreement*

- Following the Demerger, Mondi Limited has agreed to: (i) transfer certain intellectual property owned by Mondi Limited and utilised by Mpack in the conduct of its business prior to the Demerger into the name of Mpack; or (ii) enter into certain intellectual property licensing agreements with Mpack in respect of certain intellectual property owned by Mondi Limited and utilised by Mpack in the conduct of its business prior to the Demerger.
- Mondi Limited has agreed to facilitate the ongoing transfer of certain immovable property owned or leased by Mondi Limited and utilised by Mpack in the conduct of its business into the name of Mpack.
- Mondi Limited has undertaken in favour of Mpack that for a period of two years after implementation of the Demerger it shall not manufacture for sale unbleached "kraftliner" (containerboard primarily manufactured from virgin fibre and used as a liner board) in South Africa. This undertaking relates exclusively to the Mondi operations in South Africa and excludes any unbleached kraftliner production outside South Africa.

##### *Conditions to the framework separation agreement*

The obligations of the parties under the framework separation agreement (other than certain preliminary obligations) are conditional upon:

- (i) approval of the Demerger by the Mondi plc Shareholders and the Mondi Limited Shareholders;

- (ii) the Mpack Shares being admitted to the list of the JSE and to trading on its market for listed securities; and
- (iii) the Demerger being implemented.

### 3 The Mondi Limited Nominal Value Conversion

The SA Companies Act, which came into effect on 1 May 2011, *inter alia*, limits Mondi Limited's ability to restructure its par value share capital, subject to certain transitional arrangements. In order to enable the LTD Consolidation, having regard to the provisions of the SA Companies Act, it is proposed that resolutions be passed (in the case of Mondi Limited, as special resolutions) that each issued and each authorised but unissued Mondi Limited Share and Mondi Limited Special Converting Share be converted from a share with par value to a share with no par value prior to the LTD Consolidation.

As required by the SA Companies Act and the regulations promulgated thereunder, the directors of Mondi Limited have caused a report to be prepared setting out the effects, if any, of the Mondi Limited Nominal Value Conversion, which is set out in Annexure 1 to this Circular. A related amendment to the Mondi Limited Articles of Association is also being made, as set out in the notice of Mondi plc General Meeting set out at the end of this Circular. Other than having no par value, the Mondi Limited Nominal Value Conversion will have no effect on the trading of or rights attaching to Mondi Limited Shares or Mondi Limited Special Converting Shares. The Mondi Limited Nominal Value Conversion will not affect the "Equalisation Ratio" used to determine the economic and voting interests represented by Mondi plc Ordinary Shares relative to the economic and voting interests of Mondi Limited Ordinary Shares, which will remain 1:1, or Mondi Limited's tax position.

For more information on the effects of the Mondi Limited Nominal Value Conversion, please see Annexure 1 of this Circular.

### 4 The LTD Consolidation

A consolidation of the Mondi Limited Ordinary Shares owned by Mondi Limited Shareholders, the effect of which will be to reduce their proportionate interest in the Group as a result of the reduction in the number of Mondi Limited Ordinary Shares, will be undertaken in order to compensate Mondi plc Shareholders for the value distributed to Mondi Limited Shareholders under the Demerger. The LTD Consolidation will be implemented in accordance with the formula set out below.

The Mondi Limited Shareholders whose Mondi Limited Ordinary Shares will be consolidated will be those whose names are recorded in the Mondi Limited Share Register on the Consolidation Record Date.

The Consolidation Record Date is expected to be Friday, 5 August 2011 (with the last day to trade Existing Mondi Limited Shares expected to be Friday, 29 July 2011).

The total number of New Mondi Limited Shares which will be held by Mondi Limited Shareholders will be determined by reference to the price of Mpack Shares (as measured by the VWAP of Mpack Shares traded on the JSE during the VWAP period), the price of Existing Mondi Limited Shares (as measured by the VWAP of Existing Mondi Limited Shares traded on the JSE during the VWAP period) and the price of Mondi plc Shares (as measured by the VWAP of Mondi plc Shares traded on the London Stock Exchange and the JSE during the VWAP period).

The total number of New Mondi Limited Shares which will be held by Mondi Limited Shareholders will be determined by the following formula:

$$A = B \frac{(C \times D)}{E}$$

where:

- A = Number of New Mondi Limited Shares which will be held by Mondi Limited Shareholders;
- B = Number of Existing Mondi Limited Shares in issue one day prior to the intended date of the LTD Consolidation;
- C = VWAP of Mpack Shares traded on the JSE during the VWAP period;

- D = Number of Mpac Shares to which Mondi Limited Shareholders are entitled<sup>(1)</sup>; and
- E = Theoretical post-consolidation price calculated based on the VWAP of Mpac Shares traded on the JSE, the VWAP of Existing Mondi Limited Shares traded on the JSE and the VWAP of Mondi plc Shares traded on the London Stock Exchange and the JSE, in each case during the VWAP period. E will be determined by the following formula:

$$E = \frac{(C \times D) + (F \times B) + (G \times H)}{(B + H)}$$

where:

- F = VWAP of Existing Mondi Limited Shares traded on the JSE during the VWAP period;
- G = VWAP of Mondi plc Shares traded on the London Stock Exchange and the JSE during the VWAP period<sup>(2)</sup>; and
- H = Number of Mondi plc Shares in issue one day prior to the intended date of the LTD Consolidation.

A worked example, for illustrative purposes only, is set out in paragraph 6 below.

Mondi Limited Shareholders whose holdings of Mondi Limited Ordinary Shares cannot be consolidated into an exact number of New Mondi Limited Shares will have any fractions arising rounded in accordance with usual JSE principles.

The proportion of the issued ordinary share capital of Mondi Limited held by each Mondi Limited Shareholder following the LTD Consolidation will, save for rounding in accordance with usual JSE principles, remain unchanged.

Other than having no par value, the New Mondi Limited Shares will carry the same rights in all respects that attach to the Existing Mondi Limited Shares. The New Mondi Limited Shares will carry the voting rights and rights to share in any surplus on winding-up as provided in the Mondi Limited Articles of Association. However, as a result of the LTD Consolidation, there will be a decrease in the Mondi Limited Shareholders' aggregate proportionate economic and voting interest in Mondi.

Subject to approval of the Demerger, LTD Consolidation and other adjustments described in this Circular at the Mondi plc General Meeting and at the Mondi Limited General Meeting and the Demerger being implemented, Mondi Limited expects to despatch share certificates, against the surrender of certificates of title of Existing Mondi Limited Shares, in respect of the New Mondi Limited Shares to Mondi Limited Shareholders on the Mondi Limited Share Register, and to credit CSDPs' or brokers' accounts, on Monday, 8 August 2011. For the avoidance of doubt, no action will be required in relation to share certificates held in respect of Mondi plc Shares as a result of the Demerger, the Mondi Limited Nominal Value Conversion or the LTD Consolidation.

## **5 Conditions to the Demerger, the Mondi Limited Nominal Value Conversion and LTD Consolidation**

The Demerger and LTD Consolidation are conditional (amongst other things) on the approval of the resolutions listed below at the Mondi plc General Meeting and the Mondi Limited General Meeting, as appropriate. It should be noted that, although it is currently Mondi's intention that the Demerger and LTD Consolidation should be concluded, Mondi is entitled to decide not to proceed with the Demerger and LTD Consolidation at any time prior to the Demerger being effected.

The Demerger, LTD Consolidation and other adjustments described in this Circular need to be approved, respectively, by the Mondi plc Shareholders and the Mondi Limited Shareholders.

The resolutions to be proposed at the Mondi plc General Meeting are:

Mondi plc Shareholders will be asked to vote on and approve, as ordinary resolutions:

- a resolution endorsing the Demerger and authorising the payment of the Mpac Shares as a dividend *in specie* to Mondi Limited Shareholders;
- a resolution approving the amendment to the Mondi Limited Articles of Association to provide for the consolidation of no par value shares;
- a resolution approving the Mondi Limited Nominal Value Conversion;

Notes:

(1) This number does not include the Mpac Shares that are owned by Shanduka.

(2) The VWAP of Mondi plc Shares traded on the London Stock Exchange will be converted from pounds sterling to South African rand on a daily basis using the South African rand/pounds sterling exchange rate provided by the South African Reserve Bank.

- a resolution approving the LTD Consolidation;
- a resolution approving the proposed sub-division of each Mondi plc Special Converting Share into one interim Mondi plc Special Converting Share and one deferred share, and the subsequent consolidation of the interim Mondi plc Special Converting Shares such that the number of New Mondi plc Special Converting Shares will be equal in number to the number of New Mondi Limited Shares in issue; and
- a resolution authorising the Directors and the directors of Mondi Limited to do all things on behalf of Mondi plc or Mondi Limited that may be required in order to give effect to and implement the Resolutions.

The resolutions to be proposed at the Mondi Limited General Meeting are:

Mondi Limited Shareholders will be asked to vote on and approve:

- a resolution approving the Demerger and authorising the payment of the Mpac Shares as a dividend *in specie* to Mondi Limited Shareholders, as an ordinary resolution in the terms of Article 123 of the Mondi Limited Articles of Association;
- as a special resolution, a resolution approving the amendment to the Mondi Limited Articles of Association to provide for the consolidation of no par value shares;
- as special resolutions, resolutions approving the Mondi Limited Nominal Value Conversion;
- as a special resolution, a resolution approving the LTD Consolidation;
- as an ordinary resolution, a resolution endorsing the proposed sub-division of each Mondi plc Special Converting Share into one interim Mondi plc Special Converting Share and one deferred share, and the subsequent consolidation of the interim Mondi plc Special Converting Shares such that the number of New Mondi plc Special Converting Shares will be equal in number to the number of New Mondi Limited Shares in issue; and
- as an ordinary resolution, a resolution authorising the Directors and the directors of Mondi Limited to do all things on behalf of Mondi plc or Mondi Limited that may be required in order to give effect to and implement the Resolutions.

If any of the above resolutions are not passed, the Demerger, the LTD Consolidation and other adjustments described in this Circular will not proceed. If for any reason the listing of Mpac does not occur, the Demerger and LTD Consolidation will not occur.

## 6 Illustrative effects of the Demerger and LTD Consolidation on Mondi

For illustrative purposes only, examples of the total number of New Mondi Limited Shares which would be held by Mondi Limited Shareholders following the Demerger and LTD Consolidation, based on an equity value of Mpact attributable to Mondi Limited Shareholders during the VWAP period of R2 billion and R3 billion, and using the current Mondi Limited Share VWAP on the JSE and the Mondi plc Share VWAPs on the JSE and the London Stock Exchange of R65.02, R67.82 and 607.7p, respectively (being the VWAPs on Thursday, 19 May 2011), are set out below:

Formula <sup>(1)</sup>		Illustrative calculation	
Equity value of Mpact to which Mondi Limited Shareholders are entitled		R2.0bn	R3.0bn
<b>C</b>	VWAP of Mpact Shares traded on the JSE during the VWAP period	R14	R20
	×	×	×
<b>D</b>	Number of Mpact Shares to which Mondi Limited Shareholders are entitled	147m	147m
	+	+	+
<b>F</b>	VWAP of Existing Mondi Limited Shares traded on the JSE during the VWAP period <sup>(2)</sup>	R51	R45
	×	×	×
<b>B</b>	Number of Existing Mondi Limited Shares in issue one day prior to the LTD Consolidation	147m	147m
	+	+	+
<b>G</b>	VWAP of Mondi plc Shares traded on the London Stock Exchange and the JSE during the VWAP period <sup>(3)</sup>	R68	R68
	×	×	×
<b>H</b>	Number of Mondi plc Shares in issue one day prior to the LTD Consolidation	367m	367m
	=	=	=
	Total equity value attributable to Mondi plc Shareholders and Mondi Limited Shareholders	R34.5bn	R34.5bn
	÷	÷	÷
<b>B+H</b>	Number of Mondi plc Shares and Mondi Limited Shares in issue one day prior to the LTD Consolidation	514m	514m
	=	=	=
<b>E</b>	Theoretical post consolidation price	R67	R67
<b>C</b>	VWAP of Mpact Shares traded on the JSE during the VWAP period	R14	R20
	×	×	×
<b>D</b>	Number of Mpact Shares to which Mondi Limited Shareholders are entitled	147m	147m
	÷	÷	÷
<b>E</b>	Theoretical post consolidation price	R67	R67
	=	=	=
	Number of Existing Mondi Limited Shares to be consolidated	30m	45m
<b>B</b>	Number of Existing Mondi Limited Shares in issue one day prior to the LTD Consolidation	147m	147m
<b>(CxD)/E</b>	Number of Existing Mondi Limited Shares to be consolidated	30m	45m
	=	=	=
<b>A</b>	<b>Number of New Mondi Limited Shares held by Mondi Limited Shareholders</b>	<b>117m</b>	<b>102m</b>

### Notes:

(1) Letters refer to the formula set out in paragraph 4 above.

(2) For this illustrative calculation the pre consolidation Mondi Limited Share VWAP is calculated using the Mondi Limited Share VWAP adjusted for the Mpact Share VWAP (C).

(3) The VWAP of Mondi plc Shares on the London Stock Exchange has been converted from pounds sterling to South African rand using the South African rand/pounds sterling exchange rate provided by the South African Reserve Bank on Thursday, 19 May 2011.



For illustrative purposes, based on the mid point of the illustrative equity value range of Mpac attributable to Mondi Limited Shareholders during the VWAP period of between R2 billion and R3 billion, the effects of the Demerger and LTD Consolidation in respect of all holdings of Mondi Limited Ordinary Shares and all holdings of Mondi plc Shares are set out below.

**Illustrative effect on all holdings of Mondi Limited Ordinary Shares**

Pre Demerger		Post Demerger and LTD Consolidaton				
147 million Existing Mondi Limited Shares	×	110 million New Mondi Limited Shares	×	R65 per share	=	R7.1 billion
R65 per share		147 million Mpac Shares	×	R17 per share	=	R2.5 billion
=						=
R9.6 billion Total value of investment						R9.6 billion Total value of investment

**Illustrative effect on all holdings of Mondi plc Shares**

Pre Demerger		Post Demerger and LTD Consolidaton				
367 million Mondi plc Shares	×	367 million Mondi plc Shares	×	608p per share	=	£2.2 billion
608p per share					=	
=						=
£2.2 billion Total value of investment						£2.2 billion Total value of investment

The actual value of Mondi Limited Ordinary Shares may decrease, reflecting the separate value of the demerged Mpac Shares, however any such decrease in value may be offset by the reduction in the number of Mondi Limited Ordinary Shares as a result of the LTD Consolidation after the VWAP period. Other general market factors may also affect the value of Mondi Limited Ordinary Shares. Following the LTD Consolidation there will be a reduction in Mondi Limited Shareholders’ aggregate proportionate economic and voting interest in Mondi, but Mondi Limited Shareholders will also hold Mpac Shares.

There will be no effect on the number of Mondi plc Shares held by Mondi plc Shareholders. There will be general market factors that may affect the value of Mondi plc Shares. Following the LTD Consolidation, there will be an increase in Mondi plc Shareholders’ aggregate economic and voting interest in Mondi. The Demerger and LTD Consolidation are not expected to have a material impact on Mondi’s earnings per share or gearing.

The Demerger and LTD Consolidation will not affect the “Equalisation Ratio” used to determine the economic and voting interests represented by Mondi plc Ordinary Shares relative to the economic and voting interests of Mondi Limited Ordinary Shares, which will remain 1:1. This means, for example, that the amount of any cash dividend paid in respect of each Mondi plc Ordinary Share will normally be matched by an equivalent cash dividend in respect of each Mondi Limited Ordinary Share, and *vice versa*.

**7 Special Converting Shares**

The Special Converting Shares are specific to the DLC Structure and are issued by both Mondi Limited and Mondi plc and are held by SA Trust Co and UK Trust Co, respectively. The Special Converting Shares convert into Mondi plc Ordinary Shares or Mondi Limited Ordinary Shares, as applicable, upon termination of the DLC Structure so as to ensure economic equalisation for shareholders.

Mondi plc and Mondi Limited are required, under the DLC Agreements, to ensure that the correct number of Special Converting Shares having the correct nominal value are always in issue. Therefore, following the LTD Consolidation, changes to the Mondi plc Special Converting Shares are needed in order to ensure these requirements continue to be satisfied. These changes are outlined below.

Economic equalisation upon termination of the DLC Structure is achieved by ensuring that the shareholders of each of Mondi plc and Mondi Limited receive such ordinary shares in the other company as will ensure that they have the same proportionate holding in each of Mondi plc and Mondi Limited as they previously had in the combined Group. Prior to termination of the DLC Structure, the Special Converting Shares have limited rights.

### **7.1 Mondi Limited Special Converting Shares**

Pursuant to the DLC Agreements, the nominal value of the Mondi Limited Special Converting Shares must match the nominal value of the New Mondi Limited Shares. Also the number of Mondi Limited Special Converting Shares must reflect the number of Mondi plc Ordinary Shares in issue. Following the Mondi Limited Nominal Value Conversion and the LTD Consolidation the nominal value of the Mondi Limited Special Converting Shares will be the same as the New Mondi Limited Shares (both will have no par value) and the number of Mondi Limited Special Converting Shares will not be affected (continuing to equal the number of Mondi plc Ordinary Shares in issue).

Aside from having no nominal value, each New Mondi Limited Special Converting Share will have equivalent rights to the existing Mondi Limited Special Converting Shares.

The Mondi Limited SCS Nominal Value Conversion will have a neutral effect on both the Mondi plc Shareholders and the Mondi Limited Shareholders.

### **7.2 Mondi plc Special Converting Shares**

A sub-division and consolidation of the Mondi plc Special Converting Shares is needed pursuant to the DLC Agreements in order to match the number of Mondi plc Special Converting Shares to the reduced number of Mondi Limited Shares following the LTD Consolidation. Pursuant to the DLC Agreements, the nominal value of Mondi plc Special Converting Shares must also reflect the nominal value of Mondi plc Ordinary Shares in issue. In order to achieve this, the steps will be as follows:

- (i) Mondi plc will sub-divide each Mondi plc Special Converting Share into one interim Mondi plc Special Converting Share and one deferred share in order to arrive at a total number of interim Mondi plc Special Converting Shares such that when they are consolidated back to a nominal value of €0.20 each, they will be equal in number to the number of New Mondi Limited Shares; and
- (ii) Mondi plc will consolidate the interim Mondi plc Special Converting Shares into New Mondi plc Special Converting Shares of €0.20 each, thereby arriving at a total number of New Mondi plc Special Converting Shares that is equal in number to the number of New Mondi Limited Shares.

Each New Mondi plc Special Converting Share will have equivalent rights to the existing Mondi plc Special Converting Shares. The purpose of the deferred shares is to ensure that there is no reduction in the capital of Mondi plc and the deferred shares will have no voting or dividend rights and, on a return of capital on a winding up of Mondi plc, will have the right to receive the amount paid up thereon only after Mondi plc Shareholders have received, in aggregate, any amounts paid up thereon plus £10 million per Mondi plc Share. The rights attaching to, and restrictions upon, the deferred shares are set out in Resolution 5 of the notice of the Mondi plc General Meeting, set out at the end of this Circular.

This step will have a neutral effect on both the Mondi plc Shareholders and the Mondi Limited Shareholders.

## **8 Holders of Shares in the US and other Restricted Shareholders**

### **8.1 General**

The Demerger is governed by the laws of South Africa and is subject to all applicable laws and regulations.

Having regard to prevailing laws in their relevant jurisdictions, Mondi plc Shareholders outside of the UK and South Africa may be affected by the Demerger and LTD Consolidation. Such Mondi plc Shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions in relation to all aspects of this Circular that may affect them, including the Demerger and LTD Consolidation.

It is the responsibility of each Mondi plc Shareholder outside of the UK and South Africa to satisfy itself as to the full observation of the laws and regulatory requirements of the relevant foreign jurisdiction in connection with the Demerger and LTD Consolidation, including the obtaining of any governmental, exchange or other consents or the making of any filings which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction.

Any Mondi plc Shareholder outside of the UK and South Africa who is in doubt as to his position with respect to the Demerger and LTD Consolidation in any jurisdiction, including, without limitation, his tax status, should consult an appropriate professional adviser in the relevant jurisdiction without delay.

## **8.2 Restricted Shareholders**

Mondi Limited Shareholders in certain jurisdictions outside of South Africa may not be entitled to receive any Mpack Shares if such receipt may involve unduly onerous registration or approval requirements under local securities laws. It shall be in the Directors' sole discretion as to whether the Mpack Shares will be distributed to the Restricted Shareholders. A mechanism will be put in place so that the Mpack Shares due to such Restricted Shareholders will not be delivered to Restricted Shareholders personally, but rather will be delivered, following the Demerger, to a third party in South Africa nominated by Mondi Limited, which will hold or dispose of such Mpack Shares on behalf of the Restricted Shareholders. Mondi Limited or the third party shall coordinate the disposal of the Mpack Shares due to such Restricted Shareholders for cash in South Africa and distribute the cash proceeds therefrom (translated into the relevant local currency from South African Rand at the ruling exchange rate at the relevant time net of applicable fees, expenses, taxes and charges) to Restricted Shareholders, in proportion to such Restricted Shareholders' entitlement to Mpack Shares. There can be no assurance as to what price such Restricted Shareholders will receive from the disposal of such Mpack Shares or the timing or exchange rate conversion of such receipt.

## **8.3 US Shareholders**

The Directors have determined that it may impose unduly onerous obligations on Mondi Limited were it to distribute Mpack Shares into the US pursuant to the Demerger. Accordingly, US Shareholders will not receive Mpack Shares, unless an exemption from the registration requirements of the US Securities Act is available. Instead, subject to certain exceptions, the Mpack Shares due to US Shareholders will be delivered, following the Demerger, to a third party in South Africa nominated by the Group, which will hold such Mpack Shares on behalf of the US Shareholders and who shall, on the basis set out in paragraph 8.2 of this Part II, coordinate the disposal of the Mpack Shares due to the US Shareholders for cash in South Africa, pursuant to Regulation S, and distribute the cash due to US Shareholders (translated into US dollars from South African Rand at the ruling exchange rate at the relevant time net of applicable fees, expenses, taxes and charges), in proportion to their entitlement to Mpack Shares.

There can be no assurance as to what price such US Shareholders will receive from the disposal of such Mpack Shares or the timing or exchange rate conversion of such receipt or the exchange rate that is achieved in converting, the proceeds of the disposal of such Mpack Shares from South African Rand into US dollars.

The Mpack Shares have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Mpack Shares are being offered and sold outside of the United States in reliance on Regulation S.

## PART III

### TAXATION

**Note:** The tax information provided below relates only to you in your capacity as a Mondi plc Shareholder. If you are also a Mondi Limited Shareholder, please refer to the taxation section of the separate circular you will receive in respect of your holding in Mondi Limited.

#### 1 UK taxation

The comments set out below are based on current United Kingdom tax law as applied in England and Wales and HMRC practice as at the date of this Circular, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide and apply only to Mondi plc Shareholders solely resident and, in the case of an individual, ordinarily resident for tax purposes in the United Kingdom, who hold Mondi plc Shares as an investment and who are the absolute beneficial owners thereof. Certain categories of Mondi plc Shareholders, such as traders, brokers, dealers, financial institutions, investment companies and collective investment schemes, Mondi plc Shareholders who have (or are deemed to have) acquired their Mondi plc Shares by virtue of an office or employment, Mondi plc Shareholders who are or have been officers or employees of Mondi plc or a company forming part of the Group, and Mondi plc Shareholders who hold 10% or more of the Mondi plc Shares, may be subject to special rules and this summary does not apply to such Mondi plc Shareholders.

Mondi plc Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers.

##### 1.1 The Mondi Limited Ordinary Share Nominal Value Conversion

The Mondi Limited Ordinary Share Nominal Value Conversion should have no effect on Mondi plc Shareholders.

##### 1.2 The Mondi Limited SCS Nominal Value Conversion

It is assumed that the Mondi Limited Special Converting Shares, which are held on trust for the benefit of the Mondi plc Shareholders, do not have any practical independent existence or economic value of their own. They are, for all practical purposes, inseparable from the Mondi plc Shares, and it is assumed that any value they have is reflected solely in the Mondi plc Shares. On that basis, the Mondi Limited SCS Nominal Value Conversion should not generally be capable of realising value for the purposes of United Kingdom taxation for any Mondi plc Shareholder.

In any case, the Mondi Limited SCS Nominal Value Conversion should have effect as if it were a reorganisation of the share capital of Mondi Limited.

Accordingly, Mondi plc Shareholders should not be treated as making a disposal of all or part of their beneficial holding of the Mondi Limited Special Converting Shares by reason of the Mondi Limited SCS Nominal Value Conversion and, as such, no charge to capital gains tax or corporation tax on chargeable gains should arise. Instead, the existing Mondi Limited Special Converting Shares and the New Mondi Limited Special Converting Shares (following the Mondi Limited SCS Nominal Value Conversion) should, taken together, be treated as the same asset acquired at the same time as the existing Mondi Limited Special Converting Shares were acquired.

The Mondi Limited SCS Nominal Value Conversion should not result in a charge to tax on income for Mondi plc Shareholders.

The Mondi Limited SCS Nominal Value Conversion should not give rise to a charge to UK stamp duty or stamp duty reserve tax.

##### 1.3 The LTD Consolidation

The LTD Consolidation should have no effect on Mondi plc Shareholders.

##### 1.4 The PLC SCS Sub-Division and Consolidation

The PLC SCS Sub-Division and Consolidation should have no effect on Mondi plc Shareholders.

**2 SA taxation**

The summary below is a general guide and is not intended to constitute a complete analysis of the taxation consequences of the Demerger, the Mondi Limited Nominal Value Conversion and the LTD Consolidation in terms of South African taxation law. It is not intended to be, nor should be considered as, legal or taxation advice. It is intended as a general guide and applies only to Mondi plc Shareholders solely resident and, in the case of an individual, ordinarily resident for tax purposes in South Africa, who hold Mondi plc Shares as an investment and who are the absolute beneficial owners thereof. Mondi plc and its advisors cannot be held responsible for the taxation consequences of the Demerger, the Mondi Limited Nominal Value Conversion and the LTD Consolidation, and therefore Mondi plc Shareholders are advised to consult their own taxation advisors in this regard.

**2.1 The Demerger**

The Demerger should have no effect for Mondi plc Shareholders.

**2.2 The Mondi Limited Nominal Value Conversion**

The Mondi Limited Nominal Value Conversion should have no effect for Mondi plc Shareholders.

**2.3 The LTD Consolidation**

The LTD Consolidation should have no effect for Mondi plc Shareholders.

**2.4 The PLC SCS Sub-Division and Consolidation**

The PLC SCS Sub-Division and Consolidation should have no effect for Mondi plc Shareholders.

**3 US taxation**

**CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS**

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, MONDI PLC SHAREHOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS CIRCULAR IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY MONDI PLC SHAREHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON MONDI PLC SHAREHOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY MONDI PLC IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY MONDI PLC OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) MONDI PLC SHAREHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

\* \* \* \* \*

The following is a summary of certain material US federal income tax consequences to US Holders (as defined below) of the LTD Consolidation and the distribution of Mpac Shares by Mondi Limited to the Mondi Limited Shareholders. The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the LTD Consolidation and the distribution of Mpac Shares, and does not address state, local, foreign or other tax laws. This summary also does not address tax considerations applicable to investors that own (directly or indirectly) 10% or more of the voting stock of Mondi plc, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that hold Mondi plc Shares as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes or investors whose functional currency is not the US dollar).

As used herein, the term “US Holder” means a beneficial owner of Mondi plc Shares that is, for US federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any state thereof, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the

administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner in a partnership that holds Mondi plc Shares will depend on the status of the partner and the activities of the partnership. Investors that are partnerships should consult their tax advisers concerning the US federal income tax consequences to their partners of the LTD Consolidation and distribution of Mpack Shares.

The summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as at the date hereof and all subject to change at any time, possibly with retroactive effect.

**THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL US HOLDERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE LTD CONSOLIDATION AND THE DISTRIBUTION OF MPACK SHARES, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**

Because Mondi plc Shareholders will not receive any Mpack Shares as part of the Demerger and LTD Consolidation, it is expected that US Holders will not be subject to US federal income tax as a result of the Demerger and LTD Consolidation and as a result of the Mondi Limited Shareholders receiving Mpack Shares.

However, because the LTD Consolidation will increase the equity interests of the Mondi plc Shareholders in the overall DLC Structure, it is possible that the US Internal Revenue Service might argue that this increase should be viewed as a taxable stock dividend. Such an argument would be premised on the view that Mondi plc and Mondi Limited should be viewed as a single corporation for this purpose, and that the equity increase for the Mondi plc Shareholders represents compensation for the taxable distribution of the Mpack Shares. There is no authoritative guidance regarding the US federal income tax treatment of the DLC Structure. Moreover, even if Mondi plc and Mondi Limited were viewed as a single corporation for this purpose, the increase in the equity interests of the Mondi plc Shareholders should not be taxable if it results from an “isolated redemption” rather than as part of a plan of regular stock redemptions.

US Holders should consult their own tax advisers with respect to the potential for, and consequences of, a taxable stock dividend.

## PART IV

### FINANCIAL AND BACKGROUND INFORMATION ON MPACT

#### Overview<sup>(1)</sup>

Mpact is one of the largest South African packaging businesses, involved in the manufacture and supply of paper and plastic packaging products, with total revenues of €647 million (R6,259 million) in 2010, €498 million (R5,774 million) in 2009 and €474 million (R5,711 million) in 2008 and EBITDA of €84 million (R805 million) in 2010, €62 million (R714 million) in 2009 and €52 million (R631 million) in 2008. Mpact's operations comprise its paper business and its plastics business. The paper business is integrated across the recycled paper-based corrugated packaging value chain and comprises three divisions: recycling, packaging and industrial paper and corrugated, while its plastics business manufactures rigid plastic packaging. Mpact has 22 manufacturing operations and 29 operating sites in South Africa, Namibia, Mozambique and Zimbabwe. Approximately 91% of Mpact's sales in 2010 were achieved in South Africa. As at 31 December 2010, Mpact's workforce amounted to approximately 3,500 employees in total.

Mpact is the leading producer of recycled-based cartonboard and containerboard, the leading collector of recovered paper and the leading producer of corrugated packaging in South Africa. The paper recycling division undertakes the collection of recovered paper for use in the production of cartonboard and containerboard. The packaging and industrial paper division produces cartonboard and containerboard products. The corrugated division undertakes the production of corrugated boxes and other corrugated packaging products. Mpact's main paper production facilities are in Springs (Gauteng), Felixton (KwaZulu-Natal) and Piet Retief (Mpumalanga) in South Africa. In addition, Mpact has nine corrugated box plants and two corrugated sheet plants.

In 2010, Mpact collected approximately 448,000 tonnes of recovered paper as part of its recycling operations and produced approximately 399,000 tonnes of packaging and industrial papers and 387 million square metres of corrugated packaging products. Mpact's paper business had external revenues of €455 million (R4,407 million), representing 77% of Mpact's revenue<sup>(2)</sup>, and EBITDA<sup>(3)</sup> of €71 million (R686 million) in 2010.

In addition, Mpact is a leading producer of rigid plastic packaging in South Africa and is the largest South African producer of PET pre-forms, styrene trays and plastic jumbo bins. In 2010, Mpact's plastics business produced over one billion pre-forms and PET bottles. Mpact has eight plastics production facilities in the Western Cape, Gauteng and KwaZulu-Natal in South Africa, as well as one plant in Zimbabwe. Mpact's plastics business had external revenues of €136 million (R1,310 million), representing 23% of Mpact's revenue<sup>(2)</sup>, and EBITDA<sup>(3)</sup> of €20 million (R190 million) in 2010.

Mpact has developed centres of excellence for its human resources, safety, health and environmental policy functions. In addition, Mpact enjoys the benefits of shared services across its businesses for its finance, human resources administration and information systems and technology and has a research and development facility located in Stellenbosch.

The financial information set out below are unaudited extracts of historical data relating to Mpact. Further information on Mpact can be found in a PLS relating to the listing of Mpact, which will be posted to Mondi Limited Shareholders (other than Restricted Shareholders and, subject to certain exceptions, US Shareholders) and will be available on the Group's website and at Mondi plc's registered office and will also be available for inspection at One Silk Street, London EC2Y 8HQ, UK at and, during normal business hours, before the Mondi plc General Meeting.

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#### Notes:

(1) The financial information in Euros in this Part IV has been calculated by applying the South African rand to Euro exchange rate on the basis set out in the accounting policy for translation of overseas operations in the Group's audited Financial Statements.

(2) Excluding revenue for Mpact's Paperlink division of €56 million (R541 million).

(3) Excluding corporate services costs, which amounted to a total of €(7) million (R(71) million) in 2010.

## Consolidated income statement

	Mpact		
	2010	2009	2008
		<i>(R'm)</i>	
Revenue	6,258.7	5,773.6	5,710.6
Gross margin	2,399.0	2,123.7	2,116.3
Total profit from operations and associates	482.4	482.9	334.8
Profit/(loss) before tax	95.9	15.9	(157.7)
<b>Profit/(loss) from continuing operations</b>	<b>49.5</b>	<b>(61.0)</b>	<b>(134.5)</b>
Attributable to:			
Non-controlling interests	12.7	31.9	10.9
Equity holders of the parent company	36.8	(92.9)	(145.4)
	<b>49.5</b>	<b>(61.0)</b>	<b>(134.5)</b>

## Consolidated balance sheet

	Mpact		
	2010	2009	2008
		<i>(R'm)</i>	
Total non-current assets	3,125.9	3,150.0	3,340.9
Total current assets	1,959.6	2,282.3	2,170.6
<b>Total assets</b>	<b>5,256.5</b>	<b>5,432.3</b>	<b>5,511.5</b>
Total current liabilities	(1,223.4)	(1,574.4)	(1,474.9)
Total non-current liabilities	(3,761.3)	(3,721.8)	(3,862.6)
<b>Total liabilities</b>	<b>(5,075.4)</b>	<b>(5,296.2)</b>	<b>(5,337.5)</b>
<b>Net assets</b>	<b>181.1</b>	<b>136.1</b>	<b>174.0</b>
<b>Equity</b>			
Share capital and share premium	244.3	244.3	244.3
(Accumulated loss)/retained earnings and other reserves	(136.4)	(170.7)	(105.8)
<b>Total attributable to equity holders of the parent company</b>	<b>107.9</b>	<b>73.6</b>	<b>138.5</b>
Non-controlling interests in equity	73.2	62.5	35.5
<b>Total equity</b>	<b>181.1</b>	<b>136.1</b>	<b>174.0</b>



**Consolidated cash flow data**

	<b>Mpact</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
		<i>(R'm)</i>	
<b>Net cash generated from operating activities</b>	<b>649.4</b>	<b>997.3</b>	<b>309.6</b>
<b>Net cash used in investing activities</b>	<b>(274.3)</b>	<b>(165.1)</b>	<b>(437.7)</b>
<b>Net cash (used in)/generated from financing activities</b>	<b>(589.5)</b>	<b>(658.5)</b>	<b>271.4</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(214.4)</b>	<b>173.7</b>	<b>143.3</b>
Cash and cash equivalents at beginning of year	310.2	136.5	(6.8)
Cash movement in the year	(214.4)	173.7	143.3
<b>Cash and cash equivalents at end of year</b>	<b>95.8</b>	<b>310.2</b>	<b>136.5</b>

## PART V

### PRO FORMA STATEMENTS OF FINANCIAL POSITION AND INCOME

#### Report on the pro forma statements of financial position and income

“The Board of Directors  
Mondi plc  
Building 1, 1st Floor  
Aviator Park  
Station Road  
Addlestone, Surrey  
KT15 2PG

Dear Sirs

#### INDEPENDENT REPORTING ACCOUNTANTS’ ASSURANCE REPORT ON THE PRO FORMA FINANCIAL INFORMATION OF THE MONDI DLC GROUP (“Mondi Group”)

We have performed our limited assurance engagement in respect of the pro forma financial information set out in part V of the circular dated on or about 31 May 2011 issued in connection with the demerger of Mondi Packaging South Africa Limited (being renamed to Mpact Limited) from the Mondi Group that is the subject of this circular of Mondi plc. The pro forma financial information has been prepared in accordance with the requirements of the JSE Limited (“JSE”) Listings Requirements, for illustrative purposes only, to provide information about how the demerger might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the pro forma statement of financial position being reported on.

#### Directors’ responsibility

The directors are responsible for the compilation, contents and presentation of the pro forma financial information contained in the circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the pro forma financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of the Mondi Group and the pro forma adjustments are appropriate for the purposes of the pro forma financial information disclosed in terms of the JSE Listings Requirements.

#### Reporting accountants’ responsibility

Our responsibility is to express our limited assurance conclusion on the pro forma financial information included in the *circular* to the Mondi Group shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro Forma Financial Information* issued by SAICA.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

#### Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the pro forma adjustments in light of the accounting policies of the Mondi Group the issuer, considering the evidence supporting the pro forma adjustments and discussing the adjusted pro forma financial information with the directors of the company in respect of the corporate actions that are the subject of this circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of the Mondi Group and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with *International Standards on Auditing or International Standards on Review Engagements* and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Conclusion**

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that, in terms of the section 8.17 and 8.30 of the JSE Listings Requirements:

- the pro forma financial information has not been properly compiled on the basis stated,
- such basis is inconsistent with the accounting policies of the issuer, and
- the adjustments are not appropriate for the purposes of the pro forma financial information as disclosed

### **Consent**

We consent to the inclusion of this report, which will form part of the circular, to be issued on or about 31 May 2011 in the form and context in which it will appear.

Deloitte & Touche  
Registered Auditors  
Per Bronwyn Kilpatrick  
Partner

19 May 2011

National Executive: GG Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock  
Audit DL Kennedy Risk Advisory NB Kader Tax & Legal Services L Geeringh Consulting L Bam  
Corporate Finance JK Mazzocco Human Resources CR Beukman Finance TJ Brown Clients &  
Markets NT Mtoba Chairman of the Board MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request”

### **Pro forma financial effects of the Demerger**

The pro forma financial effects of the LTD Consolidation will be disclosed to shareholders of the Group in a subsequent announcement once the exact details of the LTD Consolidation have been determined in accordance with the formula set out in paragraph 4 of Part II of this Circular.

The following unaudited pro forma financial information is the responsibility of the Directors and has been prepared, in accordance with the South African Institute of Chartered Accountants' Guide on Pro Forma Financial Information, to illustrate the potential effect of the Demerger on the consolidated income statement of the Group for the year ended 31 December 2010 and on the consolidated statement of financial position as at 31 December 2010. The pro forma financial information is prepared based on the same accounting policies applied to the statutory financial statements of the Group in the annual financial statements for the year ended 31 December 2010. The pro forma financial information has been prepared for illustrative purposes only and does not constitute statutory accounts of the Group or Mpact within the meaning of section 434(3) of the UK Companies Act. Due to its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results following the completion of the Demerger. The pro forma consolidated income statement is based on the assumption that the Demerger took effect on 1 January 2010 and the pro forma statement of financial position is based on the assumption that the Demerger took effect on 31 December 2010. As a result, all transactions between members of the Group and Mpact for the periods presented have been represented in the pro forma statements as third party transactions from the perspective of the Group.

The independent reporting accountants' report on Mondi, prepared in accordance with the provisions of the JSE Listings Requirements, relating to the pro forma financial information and effects is set out above on pages 26 to 27. For the avoidance of doubt, these financial effects do not include the impact of the LTD Consolidation, which will be incorporated in a subsequent announcement.

## Pro forma consolidated statement of financial position as at 31 December 2010

The pro forma consolidated statement of financial position set out below presents the effect of the Demerger on the financial position of the Group as at 31 December 2010 based on the assumption that the Demerger was effective on 31 December 2010. The impact of the LTD Consolidation is not reflected in this pro forma information.

	Year ended 31 December 2010 audited <sup>(1)</sup>	Capital and debt restructuring of Mpac <sup>(2)</sup>	Demerger of Mpac <sup>(3)</sup>	Reversal of consolidation journals <sup>(4)</sup>	Acquisition of Paperlink and recycling division <sup>(5)</sup>	Accelerated share-based payment charge <sup>(6)</sup>	Fair value adjustment of dividend in specie <sup>(7)</sup>	Transaction costs <sup>(8)</sup>	Year ended 31 December 2010 adjusted pro forma <sup>(9)</sup>
	(€' millions)								
Intangible assets	312		(123)	49					238
Property, plant and equipment	3,976		(214)						3,762
Forestry assets	320								320
Investment in associates	16		(6)		6				16
Financial asset investments	34		(2)						32
Loans to subsidiaries		(258)		258					
Deferred tax assets	21		(6)	2					17
Retirement benefits surplus	11		(2)						9
Derivative financial instruments	3								3
<b>Total non-current assets</b>	<b>4,693</b>	<b>(258)</b>	<b>(353)</b>	<b>309</b>	<b>6</b>				<b>4,397</b>
Inventories	702		(77)	(4)	6				627
Trade and other receivables	992		(133)	5	13	3			880
Current tax assets	11								11
Cash and cash equivalents	83		(11)		(6)	(1)		(3)	62
Derivative financial instruments	11								11
<b>Total current assets</b>	<b>1,799</b>		<b>(221)</b>	<b>1</b>	<b>13</b>	<b>2</b>		<b>(3)</b>	<b>1,591</b>
<b>Assets held for sale</b>	<b>1</b>		<b>(19)</b>	<b>19</b>					<b>1</b>
<b>Total assets</b>	<b>6,493</b>	<b>(258)</b>	<b>(593)</b>	<b>329</b>	<b>19</b>	<b>2</b>		<b>(3)</b>	<b>5,989</b>
Short-term borrowings	(410)	40	17		(11)				(364)
Trade and other payables	(1,034)		117	(12)	(8)				(937)
Current tax liabilities	(78)		1						(77)
Provisions	(64)		2						(62)
Derivative financial instruments	(9)		1						(8)
<b>Total current liabilities</b>	<b>(1,595)</b>	<b>40</b>	<b>138</b>	<b>(12)</b>	<b>(19)</b>				<b>(1,448)</b>
Medium and long-term borrowings	(1,037)		405	(265)					(897)
Retirement benefits obligation	(211)		8						(203)
Deferred tax liabilities	(349)		2						(347)
Provisions	(39)								(39)
Other non-current liabilities	(23)		6						(17)
Derivative financial instruments	(15)		3						(12)
<b>Total non-current liabilities</b>	<b>(1,674)</b>		<b>424</b>	<b>(265)</b>					<b>(1,515)</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>—</b>		<b>10</b>	<b>(10)</b>					<b>—</b>
<b>Total liabilities</b>	<b>(3,269)</b>	<b>40</b>	<b>572</b>	<b>(287)</b>	<b>(19)</b>				<b>(2,963)</b>
<b>Net assets</b>	<b>3,224</b>	<b>(218)</b>	<b>(21)</b>	<b>42</b>		<b>2</b>		<b>(3)</b>	<b>3,026</b>
<b>Equity</b>									
Share capital and share premium/ stated capital	(646)		28	(28)					(646)
Retained earnings and other reserves	(2,117)	218	(15)	(17)		(2)		3	(1,930)
<b>Total attributable to equity holders of the parent company</b>	<b>(2,763)</b>	<b>218</b>	<b>13</b>	<b>(45)</b>		<b>(2)</b>		<b>3</b>	<b>(2,576)</b>
Non-controlling interest in equity	(461)		8	3					(450)
<b>Total equity</b>	<b>(3,224)</b>	<b>218</b>	<b>21</b>	<b>(42)</b>		<b>(2)</b>		<b>3</b>	<b>(3,026)</b>
Issued ordinary shares (less treasury shares)	509,696,487								509,696,487
Net asset value per share (cents)	6.33								5.94
Tangible net asset value per share (cents)	5.71								5.47

## NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- 1 The Group financial information has been extracted, without adjustment, from the Group's audited results for the year ended 31 December 2010.
- 2 In order to effectively facilitate the listing of Mpact, its capital structure will be adjusted. Both Mondi Limited and Shanduka will subscribe for new shares in Mpact and these proceeds, combined with funds that Mpact will draw down from its new bank facilities, will be utilised to settle the shareholder loans and existing bank debt. The pro forma adjustments reflect the effect of the subscription for the new shares in the company and the repayment of debt.
- 3 The demerger of all assets and liabilities of Mpact, extracted from the audited financial statements of Mpact.
- 4 Reversal of all consolidation adjustments, including goodwill, directly related to the demerger of Mpact. This includes the conversion of existing intercompany balances between entities in the Group and Mpact to reflect such balances as being with a third party.
- 5 Ahead of the demerger of Mpact, Mondi Limited entered into a sale of business agreement for the acquisition of Paperlink, the paper merchant division of Mpact, and a second agreement for the acquisition of a 25% interest in the recycling division, the recovered paper collection business of Mpact, to be transferred to a separate legal entity. The investment in the recycling division is reflected as an investment in associate. The purchase price of Paperlink was R93 million (€10 million) and the investment in the recycling division will be equal to 25% of the value of the assets less the value of the liabilities of the recovered paper collection business. The acquisitions were financed utilising the Group's internal resources.
- 6 Partial early vesting of some elements of existing share awards granted to senior management of Mpact under the Mondi Limited Incentive Scheme resulting in an accelerated share based payment expense.
- 7 The dividend *in specie* declared to Mondi Limited Shareholders is recognised at the fair market value of those Mpact Shares distributed. The fair value gain recognised is offset by a corresponding increase in the value of the dividend *in specie* distributed and therefore it has no impact on the statement of financial position.
- 8 The estimated transaction costs incurred by the Group of €3 million.
- 9 Represents the Group pro forma consolidated statement of financial position at 31 December 2010, before the impact of the LTD Consolidation.

## Pro forma consolidated income statement as at 31 December 2010

The unaudited pro forma consolidated income statement set out below has been prepared on the assumption that the Demerger had been implemented on 1 January 2010. The impact of the LTD Consolidation is not reflected in this pro forma information.

	Recurring					Non-recurring			Year ended 31 December 2010 adjusted pro forma <sup>(9)</sup>
	Year ended 31 December 2010 audited <sup>(1)</sup>	Capital and debt restructuring of Mpac <sup>(2)</sup>	Demerger of Mpac <sup>(3)</sup>	Reversal of consolidation journals <sup>(4)</sup>	Acquisition of Paperlink and recycling <sup>(5)</sup>	Accelerated share-based payment charge <sup>(6)</sup>	Fair value adjustment of dividend in specie <sup>(7)</sup>	Transaction costs <sup>(8)</sup>	
Group revenue	6,228		(647)	87	56				5,724
Material, energy and consumables used	(3,322)		346	(87)	(48)				(3,111)
Variable selling expenses	(548)		53		(3)				(498)
<b>Gross margin</b>	<b>2,358</b>		<b>(248)</b>		<b>5</b>				<b>2,115</b>
Maintenance and other indirect expenses	(298)		26						(272)
Personnel costs	(931)		102		(2)				(831)
Other net operating expenses	(247)		36		(2)				(213)
Depreciation, amortisation and impairments	(373)		33						(340)
<b>Underlying operating profit</b>	<b>509</b>		<b>(51)</b>		<b>1</b>				<b>459</b>
Special items	(22)		1				49	(3)	25
Net income from associates	2								2
<b>Total profit from operations and associates</b>	<b>489</b>		<b>(50)</b>		<b>1</b>		<b>49</b>	<b>(3)</b>	<b>486</b>
Net finance costs	(117)	(28)	40						(105)
Investment income	35		(4)						31
Interest from subsidiaries		(30)		30					
Foreign currency gains/(losses)	8		(1)						7
Financing costs	(160)	2	45	(30)					(143)
<b>Profit before tax</b>	<b>372</b>	<b>(28)</b>	<b>(10)</b>		<b>1</b>		<b>49</b>	<b>(3)</b>	<b>381</b>
Tax charge	(87)	8	5						(74)
<b>Profit on ordinary activities after tax</b>	<b>285</b>	<b>(20)</b>	<b>(5)</b>		<b>1</b>		<b>49</b>	<b>(3)</b>	<b>307</b>
Non-controlling interest	(61)			1	1				(59)
<b>Profit from continuing operations</b>	<b>224</b>	<b>(20)</b>	<b>(4)</b>	<b>1</b>	<b>1</b>		<b>49</b>	<b>(3)</b>	<b>248</b>
Attributed to:									
Non-controlling interest	61		(1)	(1)					59
Equity holders of the parent company	224	(20)	(4)	1	1		49	(3)	248
	<b>285</b>	<b>(20)</b>	<b>(5)</b>		<b>1</b>		<b>49</b>	<b>(3)</b>	<b>307</b>
Number of ordinary shares in issue (less treasury shares)	509,696,487								509,696,487
Weighted average number of ordinary shares in issue for the year (less treasury shares) (million)	508								508
Weighted average number of diluted ordinary shares in issue for the year (less treasury shares) (million)	514								514
Basic earnings per share (cents)	44.1								48.8
Basic underlying earnings per share (cents)	47.0								42.6
Basic headline earnings per share (cents) <sup>(1)</sup>	47.0								42.7
Diluted earnings per share (cents) <sup>(2)</sup>	43.6								48.2
Diluted underlying earnings per share (cents) <sup>(1)</sup>	46.5								42.1
Diluted headline earnings per share (cents) <sup>(2)</sup>	46.5								42.2

### Notes:

(1) Underlying earnings per share excludes the impact of special items.

(2) The presentation of headline earnings per share is mandated under the JSE Listings Requirements. Headline earnings has been calculated in accordance with Circular 3/2009, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.

**Reconciliation between basic earnings and headline earnings:**

<b>€ million</b>	<b>Earnings</b>	
	<b>Year ended 31 December 2010 audited</b>	<b>Year ended 31 December 2010 adjusted pro forma</b>
Profit/(loss) for the financial year attributable to equity holders of the parent companies	224	248
Special items	22	(25)
Related tax	(6)	(6)
Related non-controlling interests	(1)	(1)
Underlying earnings for the financial year	239	216
Profit on disposal of tangible and intangible assets	(1)	(1)
Special items: restructuring and closure costs	(7)	(7)
Impairments not included in special items	6	6
Related tax	2	2
Headline earnings for the financial year	239	216

  

<b>million</b>	<b>Number of shares</b>	
	<b>Year ended 31 December 2010 audited</b>	<b>Year ended 31 December 2010 adjusted pro forma</b>
Basic number of ordinary shares outstanding <sup>(1)</sup>	508	508
Effect of dilutive potential ordinary shares <sup>(2)</sup>	6	6
Diluted number of ordinary shares outstanding	514	514

*Notes:*

(1) The basic number of ordinary shares outstanding represents the weighted average number in issue for Mondi Limited and Mondi plc for the year, as adjusted for the weighted average number of treasury shares held during the year.

(2) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue, net of treasury shares, on the assumption of conversion of all potentially dilutive ordinary shares.



## NOTES TO THE PRO FORMA CONSOLIDATED INCOME STATEMENT

- 1 The Group financial information has been extracted, without adjustment, from the Group's audited results for the year ended 31 December 2010.
- 2 In order to effectively facilitate the listing of Mpact, its capital structure will be adjusted. Both Mondi Limited and Shanduka will subscribe for new shares in Mpact and these proceeds, combined with funds that Mpact will draw down from its new bank facilities, will be utilised to settle the shareholder loans and existing bank debt. The pro forma adjustments reflect the effect of the subscription for the new shares in the company and the repayment of debt. The reduction in interest received represents the total interest that would have been received from Mpact, charged on the shareholder loans, which, as a result of the recapitalization, is no longer incurred by Mpact. The pro forma interest savings have been calculated based on the expected funds inflow of €20 million and was based on the incremental cost of external borrowings in South Africa of 8.6% (before tax). A tax rate of 28% has been applied.
- 3 The exclusion of the Mpact group income statement, extracted from the audited financial statements of Mpact. The Demerger is reflected as a recurring item as, with effect from the date of the Demerger, these results will no longer form part of the consolidated Group financial statements.
- 4 Reversal of all consolidation adjustments directly related to the demerger of Mpact. This includes the conversion of existing intercompany transactions between entities in the Group and Mpact to reflect such transactions as being with a third party.
- 5 Ahead of the demerger of Mpact, Mondi Limited entered into a sale of business agreement for the acquisition of Paperlink, the paper merchant division of Mpact, and a second agreement for the acquisition of a 25% interest in the recycling division, the recovered paper collection business of Mpact, to be transferred to a separate legal entity. The pro forma adjustment includes the Paperlink income statement. The impact of the increase in finance costs due to the investment in the recycling business is negligible. A tax rate of 28% has been applied.
- 6 Partial early vesting of some elements of existing share awards granted to senior management of Mpact under the Mondi Limited Incentive Scheme resulting in an accelerated share based payment charge being incurred by Mpact which therefore has no impact on the pro forma Income Statement.
- 7 The dividend *in specie* declared to Mondi Limited Shareholders is recognised at the fair market value of those Mpact Shares distributed. Any difference between the fair value on date of distribution and the carrying value in Mondi Limited is recognised as a gain/loss in the income statement. Based on the illustrative equity values of R2 billion and R3 billion reflected in Part II, the midpoint of R2.5 billion has been assumed to be the fair value for the preparation of the pro forma Income Statement. The difference between Mondi's 89.55% share of this equity value and the carrying value, subsequent to the restructuring having been completed, in the books of Mondi Limited of the investment in Mpact, is recognised as a non-taxable gain in the income statement. The actual fair value will be determined based on the VWAP of the Mpact Shares traded on the JSE during the VWAP period and may be significantly different to the values presented in the pro forma adjustments.
- 8 The estimated transaction costs of €3 million. The transaction costs are deemed not to be tax deductible.
- 9 Represents the Group's pro forma consolidated income statement for the year ended 31 December 2010, before the impact of the matching action.

### Pro-forma financial effects per Mondi Ordinary Share

The unaudited pro forma financial effects set out below are included for the purpose of illustrating the effects of the Demerger on Mondi's underlying earnings, diluted underlying earnings, basic earnings, diluted earnings, headline earnings, diluted headline earnings, net asset value and net tangible asset value, per Mondi Ordinary Share, for the year ended 31 December 2010 as if such transaction had occurred on 1 January 2010 for income statement purposes and 31 December 2010 for balance sheet purposes.

These unaudited pro forma financial effects of the Demerger are presented for illustrative purposes only and because of their nature, may not give a fair reflection of Mondi's position, changes in equity, results of operations or cash flows following implementation of the demerger. For the avoidance of doubt, these financial effects do not include the impact of the LTD Consolidation. The LTD Consolidation will result in a reduction in the number of Mondi Limited Ordinary Shares in issue and therefore reduce the dilutive impact of the Demerger on a per share basis. The actual impact on the per share figures, to be incorporated in a subsequent announcement, will be determined based on the outcome of the process as set out in Part II of this Circular.

<b>Per Mondi Ordinary Share (Euro cents)</b>	<b>Before the Demerger</b>	<b>After the Demerger</b>	<b>Percentage Change</b>
Underlying earnings <sup>(1)</sup>	47.0	42.6	(9.4)
Basic earnings	44.1	48.8	10.7
Headline earnings <sup>(2)</sup>	47.0	42.7	(9.1)
Diluted underlying earnings <sup>(1)</sup>	46.5	42.1	(9.5)
Diluted earnings	43.6	48.2	10.6
Diluted headline earnings <sup>(2)</sup>	46.5	42.2	(9.2)
Net asset value	6.33	5.94	(6.2)
Tangible net asset value	5.71	5.47	(4.2)

*Notes:*

*(1) Underlying earnings per share excludes the impact of special items.*

*(2) The presentation of headline earnings per share is mandated under JSE Listings Requirements. Headline earnings has been calculated in accordance with Circular 3/2009, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.*

## DEFINITIONS

The following definitions apply throughout this Circular unless the context requires otherwise:

<b>Admission and Disclosure Standards</b>	the “Admission and Disclosure Standards” of the London Stock Exchange containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s main market for listed securities
<b>BBBEE</b>	Broad Based Black Economic Empowerment
<b>Boards of Mondi plc and Mondi Limited or Boards</b>	the Mondi plc board of Directors and the Mondi Limited board of directors
<b>certificated or in certificated form</b>	recorded in physical paper form on the relevant register without reference to the CREST or Strate systems
<b>Circular</b>	this document, being a circular to Mondi plc Shareholders dated Tuesday, 31 May 2011
<b>Class Rights Action</b>	has the meaning given to it in the Mondi plc Articles of Association
<b>Consolidation Ratio</b>	the ratio of the LTD Consolidation as calculated in accordance with the formula described in paragraph 4 of Part II of this Circular
<b>Consolidation Record Date</b>	the record date for the LTD Consolidation, expected to be Friday, 5 August 2011
<b>CREST</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations)
<b>CSDP</b>	a Central Securities Depository Participant
<b>Deed Poll Guarantees</b>	the deed poll guarantees in respect of Mondi plc or Mondi Limited (as the context may require)
<b>Demerger</b>	the proposed demerger of Mpac from Mondi Limited to be implemented by way of a dividend <i>in specie</i> of Mpac Shares from Mondi Limited to Mondi Limited Shareholders in the ratio of one Mpac Share for every one Mondi Limited Ordinary Share held at the close of business on the Demerger Record Date
<b>Demerger Record Date</b>	the record date for the Demerger being the date on which Mondi Limited Shareholders are required to be recorded on the Mondi Limited Share Register in order to participate in the Demerger, expected to be Friday, 15 July 2011; in order to be recorded in the Mondi Limited Share Register on this date, the last day to trade in Mondi Limited Ordinary Shares on the JSE is expected to be Friday, 8 July 2011
<b>Directors</b>	the directors of Mondi plc
<b>Disclosure and Transparency Rules</b>	the rules relating to the disclosure of information made in accordance with Part VI of FSMA (as amended from time to time)
<b>DLC Agreements</b>	the Sharing Agreement, the Voting Agreement, the Dividend Access Trust Deeds, the Special Converting Shares Trust Deeds and the Deed Poll Guarantees
<b>DLC Structure</b>	the arrangement whereby, <i>inter alia</i> , Mondi plc and Mondi Limited have agreed to operate as a single corporate entity, with each company observing the principles applicable to the management and operation of the “dual listed company” structure that is in place for Mondi
<b>EBITDA</b>	underlying operating profit before special items, interest, taxes, depreciation and amortisation
<b>Employee Share Plans</b>	the Bonus Share Plan, Long Term Incentive Plan and Discretionary Share Option Plan adopted by Mondi plc and Mondi Limited and

	the Sharesave Option Plan and Share Incentive Plan adopted by Mondi plc only
<b>EU</b>	the European Union
<b>euro or €</b>	euro, the lawful currency of the EU
<b>Excluded Territories and each an Excluded Territory</b>	Australia, Canada and Japan
<b>Existing Mondi Limited Shares</b>	the ordinary shares in Mondi Limited, with a par value of R0.20, prior to the Mondi Limited Nominal Value Conversion in issue as at the date of this Circular; and following the Mondi Limited Nominal Value Conversion, with no par value
<b>Form of Proxy</b>	the form of proxy accompanying this Circular for use by Shareholders in relation to the Mondi plc General Meeting
<b>FSA or Financial Services Authority</b>	the Financial Services Authority acting in its capacity as the competent authority for listing in the United Kingdom for the purposes of Part VI of FSMA
<b>FSMA</b>	the Financial Services and Markets Act 2000
<b>Group</b>	the Mondi plc Group and the Mondi Limited Group acting as a single economic entity under the DLC Structure
<b>HMRC</b>	Her Majesty's Revenue & Customs or any successor authority competent to impose any liability in respect of UK tax or responsible for the administration and/or enforcement of any law in relation to UK tax
<b>ISIN</b>	International Securities Identification Number
<b>JSE</b>	JSE Limited (formerly the JSE Securities Exchange South Africa), registration number 2005/022939/06, a public company incorporated in South Africa, licensed as a securities exchange in terms of the (South African) Securities Services Act, 36 of 2004
<b>JSE Listings Requirements</b>	the listings requirements of the JSE as amended from time to time
<b>Listing Rules</b>	the listing rules of the FSA in accordance with Part VI of FSMA (as amended from time to time) relating to the admission of securities to the Official List
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>LTD Consolidation</b>	following the Mondi Limited Nominal Value Conversion, the proposed consolidation of all issued Existing Mondi Limited Shares or authorised but not issued Existing Mondi Limited Shares into New Mondi Limited Shares in accordance with the Consolidation Ratio
<b>Mondi</b>	the Mondi plc Group and the Mondi Limited Group acting as a single economic entity under the DLC Structure
<b>Mondi Limited</b>	Mondi Limited, a company incorporated in South Africa with registration number 1967/013038/06
<b>Mondi Limited Articles of Association</b>	the articles of association of Mondi Limited constituting part of Mondi Limited's memorandum of incorporation
<b>Mondi Limited General Meeting</b>	the general meeting of Mondi Limited to be held on Thursday, 30 June 2011, at the same time as the Mondi plc General Meeting
<b>Mondi Limited Group</b>	Mondi Limited and its subsidiaries from time to time
<b>Mondi Limited Nominal Value Conversion</b>	the Mondi Limited Ordinary Share Nominal Value Conversion and the Mondi Limited SCS Nominal Value Conversion
<b>Mondi Limited Ordinary Share Nominal Value Conversion</b>	the proposed conversion of all par value Mondi Limited Shares from being shares with par value to shares with no par value, in accordance with the SA Companies Act

<b>Mondi Limited SCS Nominal Value Conversion</b>	the proposed conversion of all Mondi Limited Special Converting Shares from being shares with par value to shares with no par value, in accordance with the SA Companies Act
<b>Mondi Limited Ordinary Shares</b>	the ordinary shares of R0.20 each in the capital of Mondi Limited
<b>Mondi Limited Share Register</b>	the register of members of Mondi Limited
<b>Mondi Limited Shareholders</b>	the holders of Mondi Limited Ordinary Shares
<b>Mondi Limited Shares</b>	the Mondi Limited Ordinary Shares in issue as at the date of this Circular
<b>Mondi Limited Special Converting Shares</b>	prior to the Mondi Limited Nominal Value Conversion; the special converting shares of R0.20 each in the capital of Mondi Limited and having the rights set out in the Mondi Limited Articles of Association, following the Mondi Limited Nominal Value Conversion, the New Mondi Limited Special Converting Shares
<b>Mondi Limited Special Converting Shares Trust Deed</b>	the declaration of trust entered into by Mondi plc, Mondi Limited and SA Trust Co which sets out the parties' rights and obligations in relation to the Mondi Limited Special Converting Shares
<b>Mondi Ordinary Shares</b>	the Mondi plc Ordinary Shares and the Mondi Limited Ordinary Shares, as applicable
<b>Mondi plc</b>	Mondi plc, a company incorporated in England and Wales with registered number 6209386
<b>Mondi plc Articles of Association</b>	the articles of association of Mondi plc
<b>Mondi plc General Meeting</b>	the general meeting of Mondi plc to be held at One Silk Street, London EC2Y 8HQ, UK on Thursday, 30 June 2011 at 11.00 a.m. (or any adjournment thereof), notice of which is set out at the end of this Circular
<b>Mondi plc Group</b>	Mondi plc and its subsidiaries from time to time
<b>Mondi plc Ordinary Shares</b>	the ordinary shares of €0.20 each in the capital of Mondi plc
<b>Mondi plc Shareholders</b>	the holders of Mondi plc Shares
<b>Mondi plc Shares</b>	the Mondi plc Ordinary Shares in issue as at the date of this Circular
<b>Mondi plc Special Converting Shares</b>	the special converting shares of €0.20 each in the capital of Mondi plc having the rights set out in the Mondi plc Articles of Association
<b>Mondi plc Special Converting Shares Trust Deed</b>	the declaration of trust entered into by Mondi plc, Mondi Limited and UK Trust Co which sets out the parties' rights and obligations in relation to the Mondi plc Special Converting Shares
<b>Mondi plc Special Voting Share</b>	the special voting share of €1 in the capital of Mondi plc and having the rights set out in the Mondi plc Articles of Association
<b>Mpact or Mondi Packaging</b>	Mondi Packaging South Africa Limited (formerly Mondi Packaging South Africa (Proprietary) Limited) in the process of being renamed Mpact Limited, a company incorporated in South Africa with registration number 2004/025229/06
<b>Mpact Shares</b>	the ordinary shares of no par value in the issued share capital of Mpact
<b>New Mondi Limited Shares</b>	the new ordinary shares with no par value in Mondi Limited to be derived from the consolidation of Existing Mondi Limited Shares in accordance with the LTD Consolidation
<b>New Mondi Limited Special Converting Shares</b>	the new Mondi Limited Special Converting Shares with no par value following the Mondi Limited Nominal Value Conversion
<b>New Mondi plc Special Converting Shares</b>	the new Mondi plc Special Converting Shares of par value €0.20 each following the PLC SCS Sub-Division and Consolidation
<b>Official List</b>	the Official List of the FSA

<b>PLC SCS Sub-Division and Consolidation</b>	the proposed sub-division of each Mondi plc Special Converting Share into one interim Mondi plc Special Converting Share and one deferred share, and the subsequent consolidation of the interim Mondi plc Special Converting Shares such that the number of New Mondi plc Special Converting Shares will be equal in number to the number of New Mondi Limited Shares in issue immediately following the LTD Consolidation
<b>PLS</b>	the pre-listing statement of Mpact, prepared and issued in accordance with the JSE Listings Requirements
<b>Prospectus Rules</b>	the rules made for the purposes of Part VI of FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market
<b>Registrar</b>	Capita Registrars of 34 Beckenham Road, Beckenham BR3 4TU, UK
<b>Regulatory Information Service</b>	one of the regulatory information services authorised by the UKLA to receive, process and disseminate regulatory information in respect of listed companies
<b>Resolutions</b>	the resolutions set out in the notice of Mondi plc General Meeting at the end of this Circular
<b>Restricted Shareholders</b>	holders of Mondi Limited Shares recorded in the Mondi Limited register of members with a registered address in any Excluded Territory or who are located or resident in any Excluded Territory
<b>Rothschild</b>	N M Rothschild & Sons Limited at New Court, St. Swithin's Lane, London EC4P 4DU, UK
<b>SA Companies Act</b>	the South African Companies Act, 71 of 2008 (as amended from time to time)
<b>SA Share Register</b>	the branch register of members of Mondi plc resident in South Africa
<b>SA Trust Co</b>	the South African company established for the purpose of holding, <i>inter alia</i> , the Mondi Limited Special Converting Shares as trustee
<b>SENS</b>	Stock Exchange News Service of the JSE
<b>Shanduka</b>	Shanduka Packaging (Proprietary) Limited, incorporated in South Africa under registration number 2003/029838/07, a wholly owned subsidiary of the Shanduka Group
<b>Shanduka Group</b>	Shanduka Group (Proprietary) Limited, incorporated in South Africa under registration number 2001/004663/07, and its subsidiaries, which include Shanduka
<b>Shareholder</b>	a Mondi plc Shareholder
<b>Sharing Agreement</b>	the DLC Structure Sharing Agreement, dated 2 July 2007, entered into between Mondi plc and Mondi Limited
<b>South Africa or SA</b>	the Republic of South Africa
<b>South African rand, rand, R, ZAR or cents</b>	the lawful currency of South Africa
<b>Special Converting Shares</b>	the Mondi plc Special Converting Shares and the Mondi Limited Special Converting Shares
<b>Special Converting Shares Trust Deeds</b>	the Mondi plc Special Converting Shares Trust Deed and the Mondi Limited Special Converting Shares Trust Deed
<b>sterling, pounds, pounds sterling, £, p or pence</b>	the lawful currency of the UK
<b>Strate</b>	the electronic trading, custody and settlement system for dealings on the JSE operated by Strate Limited
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland

<b>UK Companies Act</b>	the Companies Act 2006 of the United Kingdom (as amended from time to time)
<b>UKLA</b>	the FSA in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of FSMA
<b>UK Share Register</b>	the share register maintained on behalf of Mondi plc in the UK by the Registrar
<b>UK Trust Co</b>	the UK company established for the purpose of holding, <i>inter alia</i> , the Mondi plc Special Converting Shares as trustee
<b>uncertificated or in uncertificated form</b>	recorded on the relevant register as being held in uncertificated form in CREST, title to which, by virtue of the CREST Regulations, may be transferred by means of CREST or, in the case of Strate, recorded on a sub-register maintained by a CSDP, title to which may be transferred by means of the Strate system
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
<b>US Securities Act</b>	the United States Securities Act of 1933, as amended
<b>US Shareholders</b>	holders of Mondi Limited Shares with registered addresses in the United States or who are located or resident in the United States
<b>Voting Agreement</b>	the agreement made between Mondi plc, UK Trust Co, Mondi Limited and SA Trust Co, dated 2 July 2007, which sets out the parties' rights and obligations in relation to the Mondi plc Special Voting Share and the voting rights attached to the Mondi Limited Special Converting Shares
<b>VWAP</b>	volume weighted average price
<b>VWAP period</b>	the first nine trading days on the JSE of Mpact Shares

## PART VI

### NOTICE OF GENERAL MEETING OF MONDI PLC

#### MONDI PLC

(incorporated and registered under the laws of England and Wales with registered no. 6209386 and registered as an external company in South Africa on 22 May 2007 under registration number 2007/014903/10)

**NOTICE IS HEREBY GIVEN** that a **GENERAL MEETING** of Mondi plc (the “**Company**”) will be held at One Silk Street, London EC2Y 8HQ, UK, at 11.00 a.m. on Thursday, 30 June 2011 for the purpose of considering and, if thought fit, passing the following Resolutions as ordinary resolutions:

- (1) THAT Mondi Limited be and is hereby authorised to distribute to its ordinary shareholders, *pro rata* to their respective holdings of ordinary shares in Mondi Limited on the Demerger Record Date (expected to be Friday, 15 July 2011), one ordinary share in the issued share capital of Mpact Limited held by Mondi Limited for every one Limited Ordinary Share (as defined in Mondi Limited’s articles of association forming part of its memorandum of incorporation) held on the Demerger Record Date, upon the terms and conditions set out in the Circular to Shareholders dated Tuesday, 31 May 2011 to which this Notice of General Meeting is attached and as an “unbundling transaction” as contemplated in section 46 of the South African Income Tax Act, 1962 (Act 58 of 1962), as amended;
- (2) THAT the amendment of Mondi Limited’s existing articles of association, forming part of its memorandum of incorporation, by the deletion, in their entirety, of (i) the first paragraph of article 12 and (ii) article 12.1, and the substitution thereof with the following new (i) first paragraph of article 12 and (ii) article 12.1:

*“Subject to Articles 66, 67 and 111 and any rights conferred on the holders of any class of shares, the Company may by special resolution:*

*12.1 consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares or consolidate and reduce the number of issued no par value shares;”*,

be and is hereby approved.

- (3) THAT the conversion by Mondi Limited of each issued and each authorised but unissued:
  - (i) Limited Ordinary Share of R0.20 into one Limited Ordinary Share of no par value, such that save as to nominal value, the Limited Ordinary Shares shall have the same rights and rank *pari passu* in all respects with the existing Limited Ordinary Shares of R0.20 par value; and
  - (ii) Limited Special Converting Share (as defined in Mondi Limited’s articles of association forming part of its memorandum of incorporation) of R0.20 into one Limited Special Converting Share of no par value, such that save as to nominal value, the Limited Special Converting Shares shall have the same rights and rank *pari passu* in all respects with the existing Limited Special Converting Shares of R0.20 par value,

be and is hereby approved and, for the avoidance of doubt, any authorities granted by the shareholders of the Company in regard to Limited Ordinary Shares of R0.20 and Limited Special Converting Shares of R0.20 at the Company’s annual general meeting on Thursday, 5 May 2011 remain valid and in force in respect of Limited Ordinary Shares and Limited Special Converting Shares with no par value.

- (4) THAT, subject to the transaction referred to in Resolution (1) being implemented and conditional upon Resolutions (2) and (3) having been passed and implemented, the consolidation of all of the issued or authorised but unissued Limited Ordinary Shares according to a ratio to be derived from the formula set out in paragraph 4 of Part II of the Circular so as to arrive at a new number of Limited Ordinary Shares as calculated by such formula, on the Consolidation Record Date (expected to be Friday, 5 August 2011) and on the terms and conditions set out in Part II of the Circular to which this Notice of General Meeting is attached, to become new Limited Ordinary Shares, having the same rights and ranking *pari passu* in all respects with the existing Limited Ordinary Shares in the capital of Mondi Limited prior to the consolidation, be and is hereby approved;



- (5) THAT, subject to and conditional on Resolutions (1) to (4) being passed and implemented, and conditional upon Mondi plc receiving the consent in writing from the holder of all PLC Special Converting Shares (as defined in the Mondi plc Articles of Association) in accordance with section 630 of the UK Companies Act:
- (I) each of the PLC Special Converting Shares of €0.20 each in the capital of the Company in issue at the time the new Limited Ordinary Shares referred to in Resolution (4) commence trading on the JSE (expected to be Monday, 1 August 2011) (or such other time and date as the Board (or a duly authorised committee of the Board) may determine) be sub-divided into one new PLC Special Converting Share, of such nominal value that following their consolidation pursuant to Resolution (5) (II) below their number will equal the new number of Limited Ordinary Shares following the implementation of Resolution (4) (the “**Intermediate PLC Special Converting Shares**”), having the same rights, being subject to the restrictions and ranking *pari passu* in all respects with the existing PLC Special Converting Shares of €0.20 each in the capital of the Company (save as to nominal value), and one deferred share each of such nominal value as, when added with the nominal value of one Intermediate PLC Special Converting Share, would equal €0.20, having the rights and being subject to the restrictions set out below:
- (a) notwithstanding any other provision of the Mondi plc Articles of Association, a deferred share:
- (i) does not entitle its holder to receive any dividend or distribution declared, made or paid or any return of capital (save as provided below) and does not entitle its holder to any further or other right of participation in the assets of the Company;
- (ii) entitles its holder to participate on a return of assets on a winding-up of the Company, such entitlement to be limited to the repayment of the amount paid up or credited as paid up on such share and shall be paid only after the holders of any and all PLC Ordinary Shares (as defined in the Mondi plc Articles of Association) then in issue shall have received (A) payment in respect of such amount as is paid up or credited as paid up on those PLC Ordinary Shares held by them at that time plus (B) the payment in cash or *in specie* of £10,000,000 on each such PLC Ordinary Share;
- (iii) does not entitle its holder to receive a share certificate in respect of his or her shareholding, save as required by law;
- (iv) does not entitle its holder to receive notice of, nor attend, speak or vote at, any general meeting of the Company; and
- (v) shall not be transferable at any time other than with the prior written consent of the Board;
- (b) the Company shall have the irrevocable authority to authorise and instruct the secretary (or any other person appointed for the purpose by the Board) as agent for the holders of deferred shares to surrender the deferred shares to the Company for no consideration and to execute on behalf of such holders such documents as are necessary in connection with such surrender without obtaining the sanction of the holder or holders thereof, and, pending such surrender, to retain the certificates, to the extent issued, for such deferred shares;
- (c) any request by the Company to surrender the deferred shares may be made by the Board depositing at the registered office of the Company a notice addressed to such person as the Board shall have nominated on behalf of the holders of the deferred shares;
- (d) the Company shall have the irrevocable authority to appoint a single holder or any other person on behalf of all holders of deferred shares to exercise any vote to which holders of deferred shares may be entitled in any circumstances or for any other matter connected to the deferred shares;

- (e) the rights attached to the deferred shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking in priority to or *pari passu* with or subsequent to such shares, any amendment or variation of the rights of any other class of shares of the Company, the Company reducing its share capital or the surrender, or purchase, of any share, whether a deferred share or otherwise; and
  - (f) the Company shall have the irrevocable authority to cancel any deferred share without making any payment to the holder and such cancellation shall not be deemed to be a variation or abrogation of the rights attaching to such deferred share; and
- (II) all of the Intermediate PLC Special Converting Shares be consolidated into new PLC Special Converting Shares of €0.20 each in the capital of the Company, equal in number to the new number of Limited Ordinary Shares calculated by the formula referred to in Resolution (4) and having the same rights, being subject to the restrictions and ranking *pari passu* in all respects with the existing PLC Special Converting Shares of €0.20 each in the capital of the Company.
- (6) THAT any director of the Company or Mondi Limited, from time to time, be authorised to do all things, sign all documents, and negotiate, finalise and conclude all agreements, perform all acts, take all actions and do all things on behalf of the Company or Mondi Limited that may be required in order to give effect to and implement the Resolutions set out above.

Dated: Tuesday, 31 May 2011  
By order of the Board

Carol Hunt  
Company secretary, Mondi plc

**Registered office:**

Building 1, 1st Floor  
Aviator Park, Station Road  
Addlestone  
Surrey KT15 2PG  
United Kingdom

**IMPORTANT NOTES**

The following notes explain your general rights as a Shareholder and your right to attend and vote at the General Meeting or to appoint someone else to vote on your behalf.

**1 Class Rights Actions**

All of the Resolutions are Class Rights Actions under the Mondi plc Articles of Association and, accordingly, shall not be effective unless passed by (i) a vote in favour by the holders of the PLC Ordinary Shares and the PLC Special Voting Share (as defined in the Mondi plc Articles of Association) voting as a single class, (ii) a vote in favour by the holders of the Limited Ordinary Shares and (iii) the written consent of the holder of the Limited Special Converting Shares, and such approvals and consents shall be obtained in accordance with the following procedure:

- 1.1 the holders of PLC Ordinary Shares and the holder of the PLC Special Voting Share are entitled to vote on a poll as a single class at the General Meeting. The poll will not be closed in relation to the PLC Special Voting Share until its holder has either cast its vote or given written notice that it will not vote (in accordance with paragraph 1.5 below);
- 1.2 at the parallel General Meeting of Mondi Limited, the holders of the Limited Ordinary Shares will also vote on the relevant Resolutions;
- 1.3 when the votes cast by the holders of PLC Ordinary Shares have been determined, the Company will send to Mondi Limited and to the holder of the Limited Special Converting Shares written notice confirming whether or not the relevant Resolutions have been approved;
- 1.4 when the result of the vote on the relevant Resolutions at the meeting of the holders of Limited Ordinary Shares has been declared or determined, Mondi Limited will send to the Company and the holder of the PLC Special Voting Share written notice confirming whether or not the relevant Resolutions have been approved;

- 1.5 the holder of the PLC Special Voting Share shall:
  - 1.5.1 on receipt of a notice from Mondi Limited confirming the relevant Resolutions have been passed, not vote on the relevant Resolutions and shall send written notice to the Company to this effect; and
  - 1.5.2 on receipt of a notice from Mondi Limited confirming the relevant Resolutions have not been passed, vote against the relevant Resolutions and shall have sufficient votes to defeat such Resolutions; and
- 1.6 the holder of the Limited Special Converting Shares shall:
  - 1.6.1 on receipt of a notice from the Company confirming the relevant Resolutions have been passed, give its written consent to the relevant Resolutions; and
  - 1.6.2 on receipt of a notice from the Company confirming the relevant Resolutions have not been obtained, withhold its written consent to the relevant Resolutions.

## **2 Proxy appointment**

- 2.1 Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of Mondi plc. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.
- 2.2 To appoint a proxy, the Form of Proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be sent to the Company's Registrars Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU, UK by post or by hand (during normal business hours only) no later than 11.00 a.m. (UK time) on Tuesday, 28 June 2011.
- 2.3 Shareholders who prefer to register the appointment of their proxy via the internet can do so through the Capita Registrars website at [www.capitashareportal.com](http://www.capitashareportal.com) where full instructions are given. The Investor Code (IVC) and post code as printed on the proxy form or a recent dividend tax voucher will be required to use this electronic proxy appointment system. A proxy appointment made electronically will not be valid if sent to any electronic address other than those provided or if received after 11.00 a.m. (UK time) on Tuesday, 28 June 2011. Please note that any electronic communication found to contain a computer virus will not be accepted.
- 2.4 The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as defined in paragraph 6.2 below) will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.

## **3 Nominated persons**

- 3.1 Any person to whom this notice is sent who is a person nominated under section 146 of the UK Companies Act to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- 3.2 The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 2.1 to 2.4 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of Mondi plc.

## **4 Entitlement to attend and vote**

To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by Mondi plc of the votes they may cast), shareholders must be registered in the register of members of Mondi plc at 6.00 p.m. (UK time) on Tuesday, 28 June 2011 (or, in the event of any adjournment, at 6.00 p.m. (UK time) on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

## **5 Total voting rights**

Holders of ordinary shares are entitled to attend and vote at general meetings of Mondi plc. The total number of issued ordinary shares in Mondi plc on Thursday, 19 May 2011 was 367,240,805, each carrying one vote on each poll. The total number of votes attaching to the PLC Special Voting Share, to reflect the votes of Mondi Limited shareholders on Class Rights Actions in accordance with paragraph 1.5 above, will either be:

- 5.1 on receipt of a notice from Mondi Limited confirming the Resolutions have not been passed, 368,712,713 votes against the Resolutions (i.e. a number equal to 50.1% of the aggregate number of votes attaching to all classes of issued shares in the Company which could be cast rounded up to the next whole number in accordance with Article 62.2(b) of the Mondi plc Articles of Association), a number sufficient to defeat the Resolutions and the aggregate number of votes on a Class Rights Action in this case will be 735,953,518; or
- 5.2 on receipt of a notice from Mondi Limited confirming the Resolutions have been passed, no votes and the aggregate number of votes on a Class Rights Action in this case will be 367,240,805.

## **6 Appointment of proxies through CREST**

- 6.1 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by following the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 6.2 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications, and must contain the information required for such instruction, as described in the CREST Manual (available at [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID: RA10) by 11:00 a.m. (UK time) on Tuesday, 28 June 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 6.3 CREST members and, where applicable, their CREST sponsors, or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 6.4 Mondi plc may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

## **7 Polls**

Each of the Resolutions will be voted on by poll and not by show of hands. A poll reflects the number of voting rights exercisable by each member and so the Directors consider it a more democratic method of voting. It is also in line with recommendations made by the Shareholder Voting Working Group and Paul Myners in 2004.

## **8 Corporate representatives**

Any corporation which is a member of Mondi plc can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, provided that they do not do so in relation to the same shares.

## **9 Right to ask questions**

- 9.1 Any member attending the meeting has the right to ask questions. Mondi plc must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) the answer has already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of Mondi plc or good order of the meeting that the question be answered.
- 9.2 A copy of this notice and other information required by section 311A of the UK Companies Act can be found on the Mondi plc website at [www.mondigroup.com](http://www.mondigroup.com).

## **10 Voting results**

As soon as practicable following the General Meeting, the results of the voting at the General Meeting and the number of proxy votes cast for and against and the number of votes actively withheld in respect of each of the Resolutions will be announced via a Regulatory Information Service and also placed on the Mondi plc website at [www.mondigroup.com](http://www.mondigroup.com).

## **11 Documents available for inspection**

A copy of the Mondi plc Articles of Association, this notice, the Circular and the PLS will be available for inspection at the registered offices of Mondi Limited and Mondi plc and at One Silk Street, London EC2Y 8HQ, UK during normal business hours on any business day (excluding public holidays) from the date of this notice until the close of the General Meeting.

**REPORT PREPARED BY THE BOARD OF DIRECTORS OF MONDI LIMITED IN RELATION TO THE CONVERSION OF THE MONDI LIMITED ORDINARY SHARES AND THE MONDI LIMITED SPECIAL CONVERTING SHARES TO SHARES HAVING NO PAR VALUE**

**1. Introduction**

This Report sets out the various requirements of Regulation 31, as more fully discussed under paragraphs 3 and 4, required for the approval by special resolution by the shareholders of Mondi Limited to effect the conversion of the Mondi Limited Shares and the Mondi Limited Special Converting Shares to shares having no par value.

**2. Definitions**

- 2.1 “**Company**” means Mondi Limited;
- 2.2 “**Conversion**” means the proposed conversion of the Mondi Limited Shares and the Mondi Limited Special Converting Shares to shares having no nominal or par value without detracting from any of the rights currently associated with the Mondi Limited Shares and the Mondi Limited Special Converting Shares;
- 2.3 “**DLC Structure**” means the arrangement whereby, *inter alia*, Mondi plc and Mondi Limited have agreed to operate as a single corporate entity, with each company observing the principles applicable to the management and operation of the “dual listed company” structure that is in place for the combined group;
- 2.4 “**Memorandum of Incorporation**” means Mondi Limited’s memorandum of incorporation comprised of Mondi Limited’s memorandum of association and Mondi Limited’s articles of association;
- 2.5 “**Mondi Limited**” means Mondi Limited, a company incorporated in the Republic of South Africa with registration number 1967/013038/06, with its ordinary shares listed on the securities exchange of the JSE Limited;
- 2.6 “**Mondi Limited Shares**” means the ordinary shares in Mondi Limited with a par value of R0.20, in issue as at the date of this Report;
- 2.7 “**Mondi Limited Special Converting Shares**” means the convertible redeemable preference shares of a par value of R0.20 in the capital of the Company, in issue as at the date of this Report;
- 2.8 “**Mondi plc**” means Mondi plc, a company incorporated in England and Wales with registered number 6209386, with its ordinary shares listed on the London Stock Exchange plc and the JSE Limited;
- 2.9 “**Regulations**” means the regulations promulgated under the Companies Act, 71 of 2008, and “**Regulation**” shall be construed accordingly;
- 2.10 “**Report**” means this report prepared by the board of directors of Mondi Limited in terms of Regulation 31(7); and
- 2.11 “**Securities**” means any shares, debentures or other instruments, irrespective of their form or title, issued or authorised to be issued by Mondi Limited.

**3. Special resolutions**

In order to comply with the provisions of Regulation 31(6), the board of directors of Mondi Limited proposes that:

- 3.1 the holders of Mondi Limited Shares resolve that the following special resolution be passed to implement the Conversion:
- THAT the Company be and is hereby authorised to convert each issued and each authorised but unissued Limited Ordinary Share (as defined in the Company’s Memorandum of Incorporation) of R0.20 into one Limited Ordinary Share of no par value, such that save as to nominal value, the Limited Ordinary Shares shall have the same rights and rank *pari passu* in all respects with the existing Limited Ordinary Shares of R0.20 par value;
- 3.2 the holder of Mondi Limited Special Converting Shares resolves that the following resolution be passed to implement the Conversion:
- THAT the Company be and is hereby authorised to convert each issued and each authorised but unissued Limited Special Converting Shares (as defined in the Company’s Memorandum of Incorporation) of R0.20 into one Limited Special Converting Share of no par value, such that save as to nominal value, the Limited Special Converting Shares shall have the same rights and rank *pari passu* in all respects with the existing Limited Special Converting Shares of R0.20 par value; and

3.3 all of the shareholders of Mondi Limited resolve that the following special resolution be passed to implement the Conversion:

THAT the Company be and is hereby authorised to convert each issued and each authorised but unissued:

- (i) Limited Ordinary Share of R0.20 into one Limited Ordinary Share of no par value, such that save as to nominal value, the Limited Ordinary Shares shall have the same rights and rank *pari passu* in all respects with the existing Limited Ordinary Shares of R0.20 par value; and
- (ii) Limited Special Converting Share of R0.20 into one Limited Special Converting Share of no par value, such that save as to nominal value, the Limited Special Converting Shares shall have the same rights and rank *pari passu* in all respects with the existing Limited Special Converting Shares of R0.20 par value,

and, for the avoidance of doubt, any authorities granted by the shareholders of Mondi Limited in regard to Limited Ordinary Shares of R0.20 and Limited Special Converting Shares of R0.20 at the Company's annual general meeting on 5 May 2011 remain valid and in force in respect of Limited Ordinary Shares and Limited Special Converting Shares in the Company with no par value.

#### **4. Further information and effect**

This paragraph 4 sets out the disclosure required to be made as contemplated in Regulation 31(7) to the holders of Mondi Limited Shares and Mondi Limited Special Converting Shares.

#### **4.1 Information that may affect the value of the Securities affected by the Conversion**

The value of each of the Mondi Limited Shares and Mondi Limited Special Converting Shares will be unaffected by the Conversion as none of the underlying rights of the holders of the Mondi Limited Shares and the Mondi Limited Special Converting Shares will be affected by the Conversion.

#### **4.2 Classes of holders of Mondi Limited's Securities affected by the Conversion**

The Conversion will affect all registered holders of:

- 4.2.1 the Mondi Limited Shares; and
- 4.2.2 the Mondi Limited Special Converting Shares.

#### **4.3 Material effects that the Conversion will have on the rights of the holders of Mondi Limited's Securities affected by the Conversion**

4.3.1 Not one of the rights of the registered holders of the Mondi Limited Shares, the registered holders of the Mondi Limited Special Converting Shares or the registered holders of shares in Mondi plc will be affected by the Conversion and their respective rights in the DLC Structure will remain unaffected.

4.3.2 In particular, but without limitation, not one of the following rights attaching to the Mondi Limited Shares and the Mondi Limited Special Converting Shares will be affected by the Conversion:

- 4.3.2.1 the right to attend, speak, participate in and vote at a meeting of the shareholders of Mondi Limited;
- 4.3.2.2 the right to be entered into Mondi Limited's register of members;
- 4.3.2.3 the right to receive distributions, if and when declared and/or made by Mondi Limited; and
- 4.3.2.4 the right to receive the net assets of Mondi Limited on its liquidation.

#### **4.4 Material adverse effects of the proposed arrangement against the compensation that any of those persons will receive in terms of the arrangement**

No compensation will be received by any persons pursuant to the Conversion contemplated herein and there will be no material adverse effects as a result of the Conversion.

Philip Laubscher  
Company Secretary, Mondi Limited  
31 May 2011

Registered office:  
4th Floor  
No 3 Melrose Boulevard  
Melrose Arch, 2196  
Gauteng, Republic of South Africa

